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**An Analysis of Economic and Social
Development in Barbados:**
A Model for Small Island Developing States



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FOREWORD

The contemporary international system which has, as its hallmarks, the intensified globalisation of international relations and the entrenched philosophy of economic liberalism, has confronted small island developing States with a number of major challenges. The globalisation of markets, for example, has brought in its wake, a number of impacts that strike at the very core of the domestic structures of these States, even as they pursue strategies, internally as well as externally, towards their sustainable development. In this regard, the drive to competitiveness that is to be generated by domestic structures but exercised and even evaluated, at the international level, involving institutions such as the WTO, constitutes a major challenge. Amid all these strictures, these States continue to pursue a more profitable insertion into the international economic system.

The adoption, in 1994, of a *Programme of Action for the Sustainable Development of Small Island Developing States* under United Nations auspices, was envisaged to have heralded a new dispensation in which the international community would cooperate with these insular entities in a number of critical areas, towards their sustainable development. Nevertheless, even as the implementation of *Agenda 21* the major outcome of the 1992 Earth Summit and its progeny, the SIDS Programme of Action, were reviewed by the United Nations General Assembly in 1997 and 1999, respectively, it was all too evident that the commitments adopted at those major global conferences remained to be fulfilled and that, in a very real sense, small island developing States would increasingly have to rely on their own financial, human and other resources. Moreover, the basic concept of *vulnerability*, on the basis of which *small island developing States* are identified as being entitled to special forms of treatment, has come under challenge from significant sectors of the international community.

Against the background of this less than favourable international environment, we are presented with a case study of a small island developing State, Barbados, one of 23 covered by the Subregional Headquarters of ECLAC for the Caribbean, which, according to official evidence adduced, has managed to take decisions and to implement policies that have vastly advanced its economic and social development over the past four decades. The study reviews the significant economic and social progress of Barbados over that period, drawing particular attention to achievements in the diversification of the country's productive apparatus and the transformation of its historically monocultural profile based on sugarcane, to one of a modern, competitive, service-oriented economy, with tourism and financial services as major components, combined with a modest manufacturing sector.

Overall, the study specifically depicts, in the context of significant and steady growth in national income and GDP, a pattern of effective macroeconomic management that, apart from the period of the oil shock of the 1970s, has maintained low inflation rates and a stable exchange rate. The necessity of recourse to an IMF structural adjustment programme is also reviewed, as is the return to macroeconomic stability in 1993, after what is described as "*three years of economic decline*". Significantly, since that period, the record is one of satisfactory growth rates, accompanied by falling levels of unemployment.

Fundamentally, the case study highlights the effectiveness of the country's policy-making and other institutional structures, in the context of *the principles of universalism and social welfare as a citizenship right* espoused by the Barbadian Authorities. The reformist position and incremental approach that is evident in the area of health care and the increasing attention paid to certain groups such as the youth, the elderly and the disabled, are also the subject of careful examination. Housing policy, necessarily developed in the context of rising demand and relative land scarcity, has been identified as a challenge, even as innovative approaches are pursued. The persistence of poverty, affecting some 13 per cent of households, is nevertheless fully recognized.

In reviewing the country's pursuit of developmental initiatives, the role of civil society, including NGOs and, significantly, the communications media, is underlined. Overall, accounting for the impressive degree of social and economic development that has been achieved in Barbados, we identify the effectiveness of a range of social, political, economic and institutions. Such structures provide for investment in human resources, the establishment of well-functioning social infrastructure and the maintenance of political stability, among other aspects. Ultimately, as the progress towards sustainable development across the Caribbean subregion is evaluated, these, together with the indispensable financial component, are among the most salient factors that account for the uneven performance that is the major observation in this regard.

This case study constitutes a welcome addition to the literature on the progress of small island States towards sustainable development. As an organisation entrusted with the implementation in the subregion of the SIDS Programme of Action and taking into account its day-to-day performance of the role of Secretariat for the CDCC, the Subregional Headquarters of ECLAC for the Caribbean presents this publication in the context of the exchange of experiences, which remains a most powerful element in South-South cooperation. The policies pursued by the small island developing State of Barbados, as carefully examined as they have been in this study, might be approached by policy-makers of other small island developing States not only of the Caribbean but also and of other geographical regions, as models from which useful lessons might be derived. In this very spirit of cooperation, ECLAC proposes to bring this case study to the attention of the Association of Small Island States (AOSIS).

Len Ishmael

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Executive Summary

Over the past four decades, Barbados has made significant economic and social progress. It is now regarded as an upper middle-income developing country by the World Bank and is ranked in the mid-twenties by the United Nations Development Programme (UNDP) according to its human development index. Barbados has been viewed as a template for many small developing countries.

There are several features of the country's economic and social programme that make it an outstanding performer among small developing countries. First, Barbados has maintained a history of economic and social development planning since the 1940s. The preparation of medium-term (five-year) plans has been complemented by annual budgetary policy measures. While development plans give an indication of the Government's long-term intentions, the annual budgetary measures concretise these intentions. The approach to development planning has been largely 'indicative', with the government providing the institutional and policy framework and environment for the private sector to provide the stimulus for economic activity.

A primary objective of development policy since the 1960s has been to diversify the productive structure of the economy which had historically depended on the sugar industry. In addition, development policy was geared towards the creation of new employment opportunities, the provision of social services – health, education, housing, transport and social security – and the achievement of balanced and sustained economic growth and development with a well-developed human resource base and with the creation of social equity.

The post-independence economy has been associated with a general decline in the contribution of the sugar industry to economic production and an increase in the contribution of the services sector. Manufacturing production has also contributed to the diversification process through the granting of fiscal incentives to both local and foreign producers. The tourism sector too has played a key role in the diversification process. In recent years, the government has been promoting the financial services sector in order to further enhance the diversification drive.

Real GDP increased from Bds \$441.9m in 1965 to Bds \$961.8m in 1998, representing an average annual growth rate of 2.62 per cent over the period. Real per capita GDP rose from Bds \$1803.67 in 1965 to Bds \$3604.90 in 1998. Although there was an upward trend in both real GDP and real GDP per capita, there were three periods of poor economic performance in Barbados: 1970-75, 1980-85 and 1990-95. The economy was adversely affected by the rise in oil prices and recession in the world economy.

The creation of employment opportunities in order to reduce the high level of unemployment, especially among the youth has been a major challenge over the years. While emigration to the United Kingdom, United States and Canada was used to ease the unemployment situation in the 1950s, the government was forced to look inwardly to create employment opportunities through its diversification programme in manufacturing and services when emigration outlets were closed. Although these new enterprises were able to provide

employment for a large segment of the labour force, unemployment still remains a major economic problem. The government has established skill-training programmes to ease the situation. Given the nature of the educational system whereby students are required to attend school to the age of 16 years, a large number of persons leave the system with little or no certification or skills. The post-secondary training programmes have been designed to provide school leavers with the skills needed for the labour market.

The distribution of income and poverty in Barbados has not been as severe as in other developing countries. The evidence suggests that there has been growth in the middle-income class in Barbados. Only one study has been conducted on poverty in Barbados, and this indicates that in 1996, 12.7 per cent of all households (over 20 per cent of the population) were living below the poverty line. The relatively high incidence of poverty is associated with the low human capital base of the poor who end up in informal, low-skill and low-paying jobs.

In terms of macroeconomic management, inflation rates have been generally low (with the exception of the oil price shock in the 1970s) and the exchange rate regime relatively stable. Barbados has maintained a fixed exchange rate regime over the years. Fiscal policy has been geared towards macroeconomic stability and long-term economic growth. There is evidence of a political business cycle with expansions in government expenditure around election time. Fiscal deficits financed by monetary expansion have resulted in balance-of-payment problems, especially in 1981-82 and 1989-91. The government had to seek balance of payments support from the International Monetary Fund (IMF) in 1982 and 1991. The 1989-91 period was a very testing one for the economy as both the fiscal and BOP deficits increased significantly thus requiring major economic adjustment. The structural adjustment programme supported by IMF funding brought some measure of macroeconomic stability in 1993 after three years of economic decline. Since 1993, the economy has been recording moderately high rates of economic growth and falling levels of unemployment.

Since independence, the Barbadian economy has made good progress. Although there are still pockets of unemployment and poverty, the economy is now more diversified than in the 1960s. The country has been able to make the transition from an agriculture-based economy to a services-oriented economy, with tourism playing an important role in the diversification process. There have been periods of poor economic performance, but these have been outstripped by periods of relatively good economic progress. There has been growth in the middle-income class as the investment in human capital has produced high returns. Social infrastructural facilities have been provided to aid private sector development (that is, crowding in). Economic management in Barbados has been largely cautious and purposive, with no extreme positions taken by different administrations of government.

The policy and institutional framework of Barbados has been a critical factor in the development of social policy emerging in the post-Independence period. Social policy development in this period has generally been informed by a philosophy of social reformism in which the state has played a central role in the development and delivery of social services and has exerted some measure of regulatory control in respect of private initiatives. The overarching political philosophy of democratic socialism with its linchpin of 'freedom', 'equality', and

'democracy' has been evident in the drive by successive governments to maintain and improve the quality of life of Barbadians.

Barbados entered Independence with a relatively well-established institutional framework for the delivery of social programmes. In key areas such as education, health, housing and employment, the structural and administrative arrangements for service delivery were already sound and therefore facilitated the programme of institutional strengthening and consolidation which was devised in the post-Independence period towards increased effectiveness and efficiency. It is within the philosophical and institutional context that the principles of universalism and social welfare as a citizenship right came to dominate social policy formulation in Barbados.

It is clear that successive Barbadian governments have appreciated the positive relationship between human welfare and development and this has led to the consistent and substantial allocation of resources to the social services. This appreciation together with important institutional and socio-cultural features of Barbadian society have created that mutually supportive positive relationship between social and economic development and has been largely responsible for the relatively high quality of life that its citizens enjoy.

In the area of health policy, Barbados has adopted a reformist and incremental approach. The decentralisation of primary health care through the polyclinic system and the establishment of a National Drug Service programme have been pivotal initiatives in giving effect to universal access to basic health care. In addition, there has been the consistent development of specific institutional and programme responses to challenges such as HIV/AIDS, solid waste disposal, the expanding proportion of elderly in the population, the changing morbidity profile and the increasing demand for secondary and tertiary health care. Importantly, the overarching philosophy of social development has facilitated the management of new structural features of health care programming without compromising the integrity of health policy and programme delivery.

In spite of the development and implementation of broad sectoral social policy initiatives, it has become increasingly apparent that certain groups by virtue of their location in the social structure will require very specific policy and programme responses. Particularly in the last decade, groups such as the disabled, youth and the elderly have been the subject of social enquiry by National Commissions or Task Forces aimed towards the development of appropriate policy initiatives. With respect to the disabled, there has been the drafting of a National Policy and a specialised Unit for Persons with Disabilities. Similarly, an entire Division of Youth Affairs was created in 1995 to manage the implementation of a broad programme of youth development. As far as the elderly are concerned, the imperative of a rapidly expanding elderly population has seen a more aggressive attempt at integration of services through the National Assistance Board together with a policy of decentralisation through community-based care as major policy responses.

Barbadian governments have all emphasised the importance of education to social and economic development - a fact that is evident in the consistently high proportion of national

expenditure accorded to the sector. The post-independence period has seen important policy initiatives at all levels of education – from early childhood through technical/vocational to tertiary. The policy emphasis has shifted at the primary and secondary levels away from quantitative considerations – since there is already universal access – to qualitative considerations with an emphasis on preparing the next generation of Barbadian citizens to compete in an increasingly demanding world. In this regard, the Education Sector Enhancement Programme (EDUTECH 2000) represents one of the most ambitious initiatives in the period under consideration. At the tertiary level and in technical/vocational education, the emphasis has been placed on increasing the access and relevance of education.

With its dense population and physically small size, Barbados has always faced serious challenges in respect of employment and housing for its people. Unemployment is considered in many respects to be a primary social problem from which many other social concerns such as poverty and crime are derived. In this regard, policies to alleviate unemployment have been central to national development planning. There have been four basic policy approaches to employment – job creation strategies, training programmes, counseling, recruitment and placement programmes and social security measures. These approaches have seen the steady decline in national unemployment rates from record levels during the structural adjustment period to the current level of less than 10 per cent.

The challenge of meeting housing demand in an environment of relative land scarcity and high construction costs has been identified as a major issue for Barbados since the 1930s. The Tenancies Freehold Purchase Act of 1980 was an important piece of legislation which has had some impact on the inequitable distribution and unavailability of land as a consequence of plantation society. Barbados has developed a National Plan of Action (1998) to respond to the challenges of housing, focusing on fiscal measures, finance, institutional development and the provision of housing for disadvantaged groups.

The social infrastructure and environment of Barbados are important factors in understanding the social development of Barbados in the post-independence period. A range of factors either peculiar to Barbados among its Caribbean neighbours or different in nature and degree, have been responsible for Barbados' success. The extensive and independent nature of the media has been critical in public education, sensitisation and mobilisation. The wide network of NGOs and interest groups have also played an important catalytic, advocacy and monitoring role in social development, especially given that there is no strong tradition of pressure group political activity in the Caribbean. The political stability of Barbados and seamless transfer of political power has promoted popular and investor confidence and ensured that scarce national resources have not had to be deployed in containing political unrest. Ultimately, there has been a level of social consensus among and popular participation of key members of civil society that has also been pivotal to creating an enabling environment for social and economic development – an environment that has given rise to the relatively high standard of living enjoyed by the mass of Barbadians today.

An assessment of the economic and social development of Barbados since the 1960s therefore points to the following factors which have contributed to its success:

- A high level of investment in human resource development (education, training, health and nutrition);
- The establishment of a well-functioning social and physical infrastructure (roads, ports, telecommunications, etc);
- The maintenance of political stability and a liberal democratic tradition with respect for the rule of law and the seamless transition from one administration of government to another;
- The lack of social disharmony, ethnic, class and racial conflict;
- The promotion of 'social capital', that is, social networks, social cohesion and trust which serve a 'bonding function' within groups and a 'bridging function' with other groups;
- Strong leadership on political, business (private sector) and labour union fronts;
- The ability to use the investment in human capital to effect social mobility (i.e., occupational mobility);
- The good management of the country by well-trained economic and social technicians and administrators. The technicians and administrators in government have focused on sound economic management and development planning. There have been no extremes in the political and economic management of the county;
- A well-established communications and public information system which allows the engagement of the population in public discussion;
- The establishment of efficient, effective institutional and incentives framework to regulate economic and social activities and promote national development;
- The socio-cultural features of the population that permit national discipline, diligence, respect for law and order, social cohesion and pride;
- The ability to take advantage of special measures offered by the international economy (e.g., trade preferences) and the maintenance of good international relations with key world institutions.

Barbados can provide six important lessons for other small island developing States (SIDS), namely: that small size is not a constraint on the achievement of a high level of social and economic development; sound economic management and planning is critical; there is a need to focus on the quality dimension, for example, human resources development and social infrastructure, the establishment of a strong public education programme to permit popular participation in the development process; the need to develop the appropriate institutional and incentives framework to promote private sector development and the establishment of a good surveillance/information system. Small developing countries also have to determine the appropriate role of the State (or government) in the development process and also to use appropriate cultural attributes to aid social and economic progress. The leadership and management of the various sections of the country are very critical to the development process.

Section 1

Introduction

Barbados is a small country by any measure. With a surface area of 431 square kilometers, its resident population was estimated at 266,800 persons at December 31, 1998. Barbados is one of the most densely populated countries in the world, with a population density of 619 persons per square kilometer,

The economy of Barbados is small relative to other economies in that its human resource base is narrow, its natural resources are extremely limited and its domestic market is restrictive. A narrow human resource base implies that human resource bottlenecks can arise in several areas of economic activity. The narrow range of local skills usually means that a small number of persons have to carry out a wide range of functions. In effect, a small country like Barbados tends to have a 'large' number of 'generalists' and few 'specialists'. This stretching of 'skilled' and 'semi-skilled' human resources sometimes means that there are inadequacies in administrative, managerial, technical and operational areas which often do not manifest themselves until certain operations are fully investigated. Many small developing countries such as Barbados rely on immigration (that is, the issuing of work permits) to alleviate the human resource deficit problem.

Beyond the basic resources of sea, sand and sun, pockets of oil and natural gas exist in Barbados. Although the arable land resource has been used for agricultural production, the low diversity of natural resources restricts the potential for resource-based economic activity in Barbados. There is some potential for the exploitation of marine resources as an island in the Caribbean. Approximately 22 per cent of total production in Barbados is based on the natural physical resources of the country: agriculture, mining and quarrying and tourism.

Barbados is also characterized by a relatively small domestic market for a wide range of goods and services. To the extent that domestic demand is diverse and the distribution of income somewhat skewed, many production operations cannot be operated at an economic level if they are to rely primarily on the domestic market. In order to boost production and increase employment in a small economy such as Barbados, regional and extraregional (i.e., outside of CARICOM) markets must be sought. The narrow range of both human and physical resources means that such export activity is likely to be specialized, that is, concentrated on a selected range of commodities (e.g., sugar, tourism, light manufacturing products) and exported to a narrow range of countries (e.g., United States, United Kingdom and Canada).

It should be noted that exports play a dual role in the economy of Barbados. On the one hand, they can be viewed as an avenue for increasing production and hence employment opportunities. On the other hand, they provide the foreign exchange needed to purchase imports (competitive and non-competitive) which are used for both consumption and production purposes. Given the specialized or concentrated nature of domestic production relative to a diverse domestic demand pattern, imports are usually high relative to total domestic production.

Small countries such as Barbados must interact on a continual basis with international entities – governments, financial agencies, businesspersons, and organizations. Changes in the international environment can therefore impact significantly on the economy and society of Barbados. Recent changes in the international economic environment associated with the integration of financial and commodity markets, the liberalization of trade, the establishment of trading blocks, advancements in information/communications and materials technology and the removal of special trading privilege mean that small developing countries must rethink their long-term development strategy. Furthermore, many small island states are subject to natural hazards such as hurricanes, floods, landslides, tidal waves, earthquakes and volcanoes, which can adversely affect the socio-economic welfare of the people of small states. Fragile eco-systems are also found in small developing island States.

Although small island developing countries are subject to several constraints and hazards, several of these countries have been able to provide a high standard of living for their residents. Barbados has been identified as a model country for other small island developing countries to emulate. It is regarded by the World Bank as an upper middle-income developing country with a per capita gross national product (GNP) of Bds \$12,260 measured at purchasing power parity [World Bank, 2000]. The official exchange rate has been fixed at Bds \$2 for US \$1 since 1975. The United Nations Development Programme (UNDP) uses a human development index to measure the extent of socio-economic development in a range of countries. This index incorporates measures of longevity (life expectancy at birth), educational attainment (adult literacy and gross primary, secondary and tertiary enrolment) and standard of living (real GDP per capita). Barbados has been ranked in the mid-twenties out of over 170 countries. Indeed, Barbados was ranked first among the developing countries for a number of years. In 1997, Barbados was ranked twenty-ninth behind such small countries as Singapore, Hong Kong, Brunei Darussalam, and Cyprus [UNDP (1999)].

With the upper middle-income status and high human development ranking of Barbados, the country was used as a model by the international lending agencies in the 1980s. The 'Barbados Model', as it was called, was viewed as a template for many small island developing countries which have limited resources but wanted to achieve a relatively high standard of living.

The United States-based Freedom House has regarded Barbados as one of the 'freest countries' in the world where there is a democratic tradition and respect for basic human rights. Such a ranking has enhanced the economic and political standing of the country in the eyes of the international community.

Some attempts have been made to explain the features behind the success of Barbados (i.e., the Barbados Model) so that other countries can learn some useful lessons for their own development thrust. Ross-Brewster (1995), in a comparison of the development experiences of Barbados and Jamaica, attributed the relative success of Barbados to its better endowment of human capital (i.e., investment in education, training and health) and the higher stock of 'social capital'. Social capital is defined as that combination of norms, interpersonal trust, social networks and organizations which bring about lasting social cohesion/integration in a country. The structure of the interpersonal relations in a society and the nature of the social institutions (church, family, trade unions, charities, community groups) are integral for the accumulation of social capital which bring economic and social returns in the long run. Although it can be argued that there has been some depreciation (or destruction) of social capital in Barbados in recent years, the previous accumulation has been vital to the recent prosperity of Barbados.

Blackman (1998) has sought to identify the historical roots of the so-called 'Barbados Model'. He notes some important features of the country which have been important to its high levels of human and economic development: highly developed social infrastructure (roads, ports, public utilities), absence of social and political unrest, the deep entrenchment of civil rights and democracy, skillful economic management, investment in health and education, a tolerance and compassion for the disadvantaged as evidenced in a well-established social security scheme and the rule of law.

He has identified seven 'historical accidents' which have given rise to the 'Barbados Model':

- (a) Its strategic physical location between Europe and the Americas; it was the first port of call and springboard for the English penetration into the Americas;
- (b) It was a 'colony settlement' and not a 'colony of conquest' – the English were able to establish their institutions at an early stage in the European settlement of the country (i.e., Parliamentary government, legal system of common law, schools and churches);
- (c) Its early accession of free coloured persons to political and civil rights by the 1820s;
- (d) The early exposure of Barbadian slaves to education so that by the end of the eighteenth century many slaves were literate;
- (e) Because of the small size of the country and the relatively high population density, many freed persons were forced to remain on the plantations, thus allowing for full absorption of the owners' values and attitudes;
- (f) The 'noblesse oblige' of the coloured and black elite to fight for the rights and improved welfare of former slaves after emancipation;
- (g) Sheer 'economic luck' as the sugar industry benefited from changes in competing countries and the migration outlets were available at different stages of the countries' development.

Wickham (1997) has also identified the absence of sharp demographic differences (i.e., no sharp ethnic and social groups) and the relative similarity of the political parties in Barbados

as being responsible for the relative political stability of the country. Empirical research in recent years has indicated that political stability in a country is critical to the economic growth and development process [Barro, 1998].

Although historical antecedents, social and human capital and political stability are important elements for the prosperity of a country, the social and economic policies adopted by the government of a country are also critical to its development. Government policy measures help to create and build on the stock of human, physical, social and institutional capital of a country.

This study reviews the economic and social policies and programmes adopted by Barbados during the post-independence (1966) period in order to identify any special set of measures which could have contributed to the relative prosperity of the country (i.e., upper income and high human development rankings). It is hoped that important lessons can be identified from the Barbadian experience which can be replicated in other small developing island States.

The structure of the presentation is as follows: in the next section, an analysis of the evolution of the Barbadian economy since independence (1966) is undertaken. This analysis involves an examination of the development strategies adopted, the structural changes which have taken place in the economy, the factors affecting employment, unemployment, income distribution and poverty, macroeconomic management and the impact of changes in the international economic environment on the Barbadian economy.

In the third section, a review of social development is presented with a focus on the institutional framework within which social policy has been formulated and implemented, developments in social policy since independence – health, education, youth, disabled, elderly, housing and employment, and the nature of the social infrastructure and environment.

The final section provides an overview of the main features of the economic and social development of Barbados in the post-independence era and identifies a number of lessons which have emerged from this experience. These lessons, as indicated earlier, may prove to be very useful to other small developing island States.

Section 2

Economic Analysis

2.1 Economic development planning: Strategies and policies

Development planning can be viewed as the formulation of a programme of actions to be undertaken by the political and economic authorities of a country in order to achieve specific long-term national goals. The objectives of national development (i.e., economic, social, cultural, political) are specified in such a way that an assessment can be made of their achievement at the end of the planning period. The achievement of development objectives and given targets involves the adoption of a strategy or an 'optimal' way by which the resources of a country can be utilized to achieve the development goals. Development goals should reflect the hopes and aspirations of the people of a country with respect to raising the quality of their lives over time. Development planning therefore is the process by which the national effort is coordinated to achieve these developmental goals. Such planning may be sequenced in terms of the short-run (1-2 years), medium-run (5 years) and the long-run or perspective period (10-20 years).

The emergence of a partial ministerial governmental system in 1946 coincided with the formulation or, more accurately, the writing of development plans in Barbados. The initial reason for the preparation of such plans was the stipulation of the Colonial Development and Welfare Acts of 1940 and 1945, which required 'planned development' in the country. Even after the termination of these Acts and the granting of independence in 1966, the preparation of development plans has continued. One of the reasons for the continued preparation of development planning documents lies in the requirements of external funding agencies, which need to have some idea of the course of development of the country.

Development planning documents have been a continual feature of the economic management of Barbados since 1945. The first document was a 'Ten-Year Development Plan for Barbados: Sketch Plan of Development 1946 to 1956' which focused on social welfare (public health, education, housing, etc). This long-term or perspective plan has been followed by a series of medium-term planning documents. Prior to independence in 1966, there were five medium-term-planning documents while there have been six development plans since independence. The current development plan covers the period 1993-2000 and is complemented by a Medium Term Macro-Economic Strategy 1996-1999 prepared in May 1996 by the current government.

In addition to these medium-term plans, there are also annual statements of financial and budgetary proposals and estimates of expenditure prepared by the Government. These statements began with the granting of internal self-government in 1961. The budgetary (fiscal) policies in these annual statements provide the specific measures which the Government would adopt to realize the programmes set out in the development planning documents. While

development plans provide an indication of the Government's intentions, the annual budget and estimates concretize these intentions and hence become an influential tool of short-run macroeconomic management and medium-term economic development policy.

The approach to development planning in Barbados, as in many other Caribbean countries, has been largely 'indicative' with the government providing the institutional, infrastructural and policy framework and environment for the private sector to provide the stimulus for economic activity. The Government's development strategy has been carried out through a series of measures, namely, the implementation of projects/programmes within the development plans, the enactment of legislation to provide the legal framework for social and economic change to take place, the use of monetary, fiscal, commercial and other economic policy measures, and the establishment of economic institutions. Development planning in Barbados since 1945 has been indicative in character, pragmatic in implementation and predicated on the development of a mixed economy (i.e., a managed market economy).

In effect, development planning documents have been largely public sector expenditure plans – housing, health, sanitation, education, transport, public works, social security – rather than comprehensive plans for active involvement in the production process. Although the Government has established several public enterprises or has purchased shares in other enterprises, the vagueness of these actions in the development process has resulted in the failure of several public enterprises as economic entities. The greatest success stories of public enterprises in Barbados lie in its financial institutions (e.g., Insurance Corporation of Barbados, Barbados National Bank) and the Barbados Port Authority.

To the extent that an economic development strategy refers to a conscious set of actions to achieve specific goals via the rational use of available resources, the development planning documents and the annual budgetary statements provide the main sources of information on programmes and policies which have been implemented to overcome the economic problems of the country and realise the expectations of the population. The social and economic conditions which exist during some period of time usually determine the strategies, plans, programmes and policies formulated in various planning documents.

An assessment of development planning since the 1960s provides a number of development policy goals that have been pursued by the Government of Barbados. The first development policy goal relates to the need to diversify the productive structure of the economy. From the 1640s until the 1940s, sugar production was the main source of output growth, employment and foreign exchange. The industry prospered under a protective imperial preferential arrangement. However, increased competition from subsidized beet sugar on European market, the development of alternative sweeteners and the changing nature of preferential arrangements for sugar exports resulted in a need to develop alternative areas of economic production. Furthermore, the total dependence on the sugar industry and its organizational structure, especially in terms of ownership, was no basis for effecting economic change (or transformation) in the country.

The second development policy goal was the creation of new employment opportunities hence reducing un- and under-employment. The seasonal nature of employment in the sugar industry further aggravated the problem of providing any productive jobs. As Lewis (1958) noted, the best way to judge the development of a country is through its provision of productive employment for the labour force.

The third objective of development planning since independence has been the provision of social services – health, sanitation, education, housing, transport and social security – in order to eradicate poverty in the country. Recent formulations of this objective are incorporated in the concept of enhancing human development, that is, the widening of the choices available to the population and the enhancement of the capabilities of people to take advantage of these new choices. Human development therefore includes social and economic development.

The fourth development policy objective has been the achievement of balanced and sustainable economic growth and development. Balanced growth is conceived on two fronts: regional or physical (whereby all areas of the country can benefit from economic expansion) and sectoral (more areas of economic activity contributing to the growth process).

The fifth policy objective identified in the post-independence plans is the development of the human resource base of the country through training and education in new areas of technology (e.g., computer technology). This focus on human resources development would be vital to enhancing national productivity and competitiveness. The final development policy objective is the creation of a more equitable and cohesive society with greater participation in the decision-making process. This would involve the inclusion of civil institutions into a new governance framework and communicating with the public on a regular basis.

The early post-independence development strategy was to focus on increasing economic growth through diversification of the economy. The Government hoped that the other objectives of employment creation, poverty alleviation and social equity would be achieved through the 'trickle down' mechanism [see also Howard, 1989]. Early development planning was influenced by the economic thinking of the period which emphasized the promotion of economic growth by increasing the national saving ratio (i.e., savings to national income ratio). The Development Plan 1979-83 had as its theme 'Planning for Growth'. The focus on economic growth is reflected in the planning targets for respective planning periods. During the planning periods between 1960 and 1983, the target for real gross domestic product (GDP) growth was between 4 and 5 per cent per annum [see Table 2.1].

Table 2.1
Growth and employment targets for Barbados for selected planning periods

PLANNING PERIOD	PLANNING TARGETS
1960-65	<ul style="list-style-type: none"> ▪ Growth of national income of at least 4% per annum ▪ Provision of 40,100 new jobs at home and abroad ▪ Doubling the annual value of industries other than sugar
1965-68	<ul style="list-style-type: none"> ▪ Average annual rate of growth of GDP of 4% (at 1964 prices)
1969-72	<ul style="list-style-type: none"> ▪ A real GDP growth of 5% per annum (1968 – base year) ▪ A real per capita GDP growth of 3.5% per annum
1973-77	<ul style="list-style-type: none"> ▪ An annual rate of growth of GDP of 5% (1972 – base year) ▪ Reduction in the unemployment rate from 7.3% in 1970 to 5.6% in 1977
1979-83	<ul style="list-style-type: none"> ▪ An annual rate of growth of GDP 4% (1979 – base year) ▪ Decline in unemployment rate from 13.9% in 1978 to 7.8% in 1983 (provision of 14,000 new jobs)
1983-88	<ul style="list-style-type: none"> ▪ Average annual rate of growth of GDP of 3.5% (1982 – base year) ▪ Reduction in unemployment rate from 13.6% in 1982 to 8% in 1987
1988-93	<ul style="list-style-type: none"> ▪ A real GDP growth rate of 2.5% per annum ▪ Reduction in unemployment rate from 17.9% in 1987 to 15.8% in 1992
1993-2000	<ul style="list-style-type: none"> ▪ A real growth rate of 3.3% per annum (1993 – base year) ▪ Fall in the unemployment rate from 24% in 1993 to 10.0% in 2000

Source: Development Plans of Barbados: 1960/65 to 1993/2000

The macroeconomic difficulties of the late 1970s and 1980s along with a new thinking in development policy brought a change in the development strategy adopted by the Government. Greater emphasis was placed on non-economic growth objectives (i.e., poverty alleviation, social development, and employment creation). Economic growth targets were reduced to between 2.5 and 3.5 per cent per annum and the themes of the plans changed to '*Change Plus Growth*' (1983-88), '*A Share For All*' (1988-93), and '*Prosperity Through Increased Productivity*' (1993-2000).

The early focus of the Government was to promote production in the manufacturing and tourism sectors as part of its development strategy to diversify the production structure and to enhance growth and employment opportunities. At the same time attempts were made to promote non-sugar agriculture in order to achieve some degree of self-sufficiency in food production. Given the small size of the economy, the Government espoused an export-led strategy of economic development with export manufacturing (garments, chemical, electronic components) and tourism being the early areas of focus. In the Development Plan 1988-93, the Government perceived that the export services sector based on tourism, financial and professional services would dominate economic activity by the year 2000. This perception is re-emphasized in the current Development Plan 1993-2000.

The Government has paid special attention to the provision of social services such as health, education, housing, transport and social security. Barbados is the only country in the Caribbean with an unemployment insurance scheme that was introduced in 1981. Social development has been an important element in alleviating poverty and providing the human resources needed for the development of the country. In the area of education, 'free' education is available from the primary to tertiary level in Barbados. While a social demand approach to

educational planning was adopted in the early post-independence period, the Government was mindful that the educational system should satisfy the manpower needs of the country. As stated in the Development Plan, 1988-93, “the formal educational system will undergo further changes ensuring a balanced technical, vocational and academic curriculum satisfies the manpower needs of the economy and society” (p 43). In the area of health, the Government has established a system of polyclinics which provide health care services to persons throughout the country. The National Insurance Scheme provides benefits for the working population and pensioners.

Although the governing of the country has been undertaken by two political parties since the 1960s (the Barbados Labour Party and the Democratic Labour Party), they have both espoused a liberal democratic philosophy whereby the State would offer incentives to private entrepreneurs who would take the lead in the economic development process. In effect, the State’s role has been largely ‘parametric’.

One aspect of the development strategy adopted by the Government has been the establishment of economic institutions to help finance and promote the development process. Since 1966, the following economic institutions have been established: Barbados Investment and Development Corporation (a merger of the Industrial Development Corporation and the Export Promotion Corporation), the Barbados National Bank (a merger of the Barbados Savings Bank, the Sugar Industry Agricultural Bank and the Agricultural Credit Bank), the Central Bank of Barbados, Barbados Agricultural Development and Marketing Corporation (a merger of the Agricultural Development Corporation and the Barbados Marketing Corporation), the Barbados Tourism Authority, the National Petroleum Corporation and National Oil Company.

Social institutions have been established to promote social development in the country: Child Care Board, National Assistance Board, National Housing Corporation, Sanitation Service Authority and the Urban and Rural Development Commission. In 1999, a Ministry of Social Transformation was established to coordinate and direct the social development process in the country. Poverty eradication and human development are major objectives of this Ministry.

While all of these social and economic institutions have not always performed as satisfactorily as expected, they have however contributed to the social and economic prosperity of Barbados. For example, the Central Bank of Barbados has been a vital source of sound economic advice and information. The Barbados Tourism Authority and the Barbados Investment Development Corporation have been at the forefront of promoting tourism arrivals, foreign direct investment and economic growth in the tourism and manufacturing sectors, respectively. Recent research on the role of institutions (that is, organizations and rules) indicates that their quality or performance is critical to the growth and development process [Aron, 2000]. Periodic reviews of public institutions have led to changes in the institutional framework within which social and economic policies have been implemented. For example, the formation and re-focus of the Barbados Investment and Development Corporation resulted from a merger of the Industrial Development Corporation and the Export Promotion Corporation. The new institution has formed part of the export promotion thrust in the manufacturing sector.

The social institutions established by the government have been supported by several non-governmental organizations – the Rotary Club, Kiwanis, National Organization of Women,

Heart Foundation, Cancer Society, several sports organizations, trade unions, churches. These institutions have been important to the maintenance of social cohesion and the social development of Barbados.

In the area of human resources development, the government has strengthened the Samuel Jackman Prescod Polytechnic and the Barbados Community College. A major programme of introducing information technology into the teaching and learning process has been recently implemented by the Government in the school system. A National Productivity Council has been established to promote productivity in the country. The Council which emerged out of the economic crisis of the early 1990s is a tripartite agency (Government, trade unions and private sector representatives) and has played an integral part in the government's strategy to link pay to performance. A Vocational Training Board and a Technical and Vocational Education and Training Council have been established to promote technical and vocational training in the country.

The social infrastructure of the country – roads, sea and airports, public utilities (water, electricity, and telephone) – has been modernized and expanded to promote and facilitate the smooth operation of local and foreign businesses. These facilities have been supplemented by various fiscal and monetary incentives such as tax-free concessions, duty-free imports, accelerated depreciation allowances, low interest rates, low rental accommodation and promotional programmes. These measures have formed the basis of the Government's indicative approach to development planning.

In order to boost domestic savings to assist with the financing of the development programme, the Government has issued savings bonds, treasury notes and debentures. Income tax relief has been granted to holders of the financial assets. Saving with credit unions has always been encouraged and the Securities Exchange of Barbados provides an avenue for investing in public companies.

Given the Government's policy of allowing the private sector to promote growth and employment, it has undertaken a public sector reform programme with a view of easing the transaction process between government agencies and private enterprises. An office of Public Sector Reform has been established in Government. The public sector reform programme incorporates the following elements: human resources management (upgrading the human resource functions, linking productivity and pay), financial management, information technology (linking various departments), supplies and procurement management, an employee assistance programme, the establishment of internal reform committees and better customer service. While the public sector reform is an ongoing process which began in the mid 1990s, some departments have demonstrated some measure of improvement in their operations (e.g., the Customs Department, Immigration Department and the Licensing Authority). A Privatisation Unit was also established in the early 1990s to oversee the comprehensive reform of public enterprises as the Government sought to privatise some of its operations.

With the implementation of a structural adjustment programme in 1991, the Government introduced a medium-term economic strategy to supplement the long-term development programme. The main goals and objectives of the medium-term economic strategy (1996-1999)

were the promotion of economic growth, maintenance of low levels of inflation, the reduction of unemployment and the achievement of a sustainable balance of payments. The fixed exchange rate with the US dollar (Bds \$2=US \$1), which has been in place since 1975, has been identified as a policy anchor. The major sources of growth have been identified as the export services sector (tourism, information services, professional and financial services) and export manufacturing and agriculture. The policy agenda to meet these objectives included indirect tax reform (i.e., the introduction of a value added tax), trade reform (implementation of agreements relating to the common external tariff, tariffication of licenses and quotas), divestment of several public enterprises, public sector reform, (streamlining the operations of the government), financial sector reform, development to enhance efficiency and promote savings, employment creation and human resources development, the introduction of a land use policy which will guide the use of land for commercial, residential and agricultural purposes, measures to protect the physical environment and strengthening the social sector to enhance human development and alleviate poverty. The medium-term economic strategy therefore combines elements of short-term macroeconomic management and long-term development planning.

In summary, the approach to development planning in Barbados has been largely indicative, with the Government playing a facilitating role for the private sector to generate output and employment. In its 'parametric' role, the Government has provided the institutional framework, legal machinery, social infrastructure and the economic incentives for the private sector to operate. In some cases, the Government has engaged in direct production, but this has been reduced in recent years. In addition to its facilitating and regulatory role, the Government has also provided for the social development of the country by expanding its provision of social services. Given the small size of the economy, the economic strategy has been largely to promote exports – services, manufacturing and agriculture. It has sought to maintain macroeconomic stability with the fixed exchange rate being used as a policy anchor.

2.2 Economic growth and structural change

Worrell (1982) has identified three phases of economic activity in Barbados since the end of the Second World War: 1946 to 1962 – a period of agricultural dominance; 1963 to 1970 – a period of transition and 1971 to the present – a period of export diversification. These phases indicate an attempt by the economic authorities to reduce the monopoly control which sugar agriculture had held since the 1640s, and to promote a programme of production diversification and growth.

The macroeconomic performance of the country can be examined through two basic aggregates: real gross domestic product (GDP) and real GDP per capita. Both indicators suggest that Barbados has made significant advances over the period 1965 to 1998. Real GDP increased from Bds \$441.9 m in 1965 to Bds \$ 961.8 m in 1998, that is, an average annual growth rate of 2.62 per cent. Real GDP per capita increased from Bds \$1803.67 in 1965 to Bds \$3604.9 in 1998, representing an average annual growth rate of 2.31 per cent [see Table 2.2]. The low differential growth rates between real GDP and real GDP per capita indicate that the population growth rate was low over the period (0.3 per cent per annum). The low population growth reflects the efforts at family planning and mass education which began in the 1950s. The general fertility rate (number of births per 1000 women aged 15 to 44) declined from 105 in 1970 to 64

in 1990. This reflects a decline of the birth rate of 20.4 births per 1000 persons in 1970 to 16.5 births per 1000 in 1990. The number of women aged 15 to 44 years increased from 46,600 in 1970 to 67,200 in 1990. Some migration has also affected population growth over the period.

Table 2.2a
Levels of Real GDP and Real GDP per capita , 1965-1998

YEAR	REAL GDP (BDS \$M AT 1974 PRICES)	REAL GDP PER CAPITA (BDS \$)
1965	441.9	1803.67
1970	627.7	2620.88
1975	628.1	2552.21
1980	802.3	3216.92
1985	786.9	3061.87
1990	880.9	3377.68
1995	858.9	3248.50
1998	961.8	3604.90

Table 2.2b
Growth Rates of Real GDP and Real GDP per capita,1965-1998

PERIOD	AVERAGE ANNUAL GROWTH RATES (%)	
	Real GDP	Real GDP per capita
1965-1970	7.27	7.76
1970-1975	0.01	-.053
1975-1980	5.02	4.74
1980-1985	-0.39	-0.98
1985-1990	2.28	1.98
1990-1995	-0.50	-0.78
1995-1998	3.80	2.10

Source: Barbados: Economic Reports (various issues)

The period 1965 to 1970 corresponds to the end of the period of agricultural dominance and the period of transition identified by Worrell (1982). This was a period of relatively high economic growth in the country. The average annual growth rate of real GDP and real GDP per capita was approximately 7 per cent [see Table 2.2b]. Although there was an effective devaluation of the Barbadian dollar (which was tied to the pound sterling) in 1967, economic growth remained high due to the favourable export market for sugar during the 1965-70 period.

The first phase of export diversification, 1970-75, was associated with a poor economic growth performance. The average annual growth rate was under 1 per cent for the period. The poor economic performance can be attributed to the world commodity shortage which brought significant increases in the prices of agricultural products and the 'oil crisis' in 1973 and 1974, which caused prices to be quadrupled. The short-run macroeconomic consequence of the increase in international commodity prices was the reduction in domestic and foreign demand and hence a fall in aggregate domestic production.

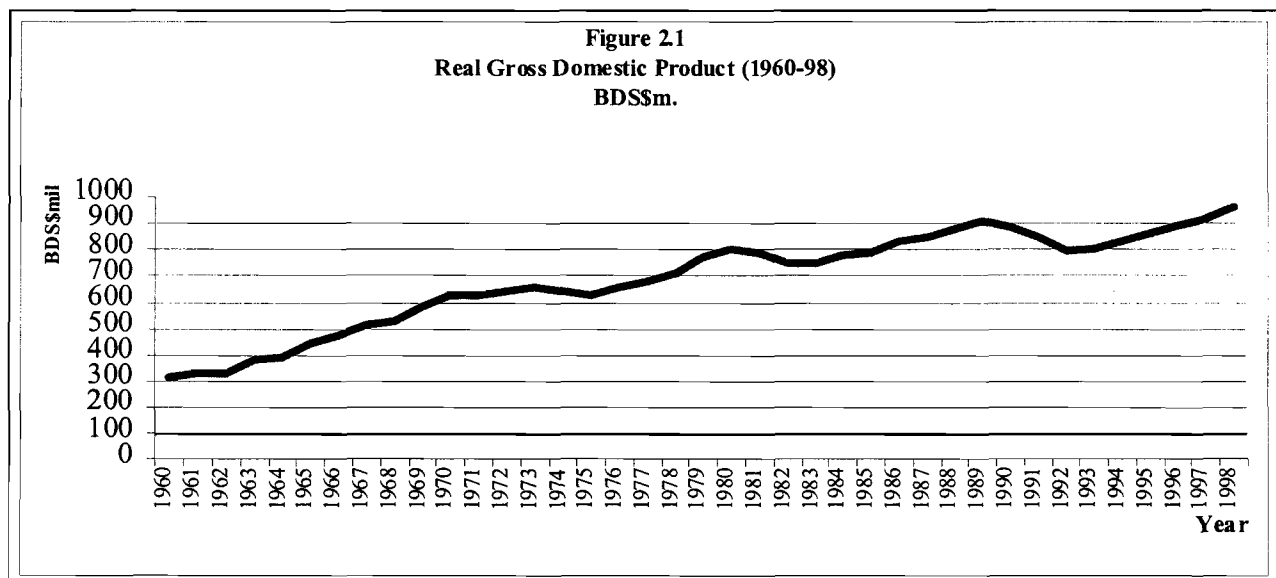
The economy recovered from the 'oil shock' in the late 1970s as reflected in the increase in the average annual growth rate of 5 per cent over the 1975-80 period. The recovery was due mainly to the reduction in import prices and an increase in tourism activity. The recovery was however short-lived as the rise in oil prices in 1979 sent the international economy into a short recession in the early 1980s. Declines in economic activity were recorded in both tourism and manufacturing. As a result, the average annual growth rate for 1980-85 was negative. Economic activity during the 1980-85 period was adversely affected by several events. First, export earnings from sugar were adversely affected by the reduction in the United States import quota from 20,000 tonnes in 1980 to 5,000 tonnes in 1988. Secondly, the decline in economic activity in CARICOM member countries severely affected regional exports of garments and furniture. Intraregional trade was adversely affected by the collapse of the CARICOM Multilateral Clearing Facility (CMCF) in 1983. The CMCF grew out of a system of bilateral clearing agreements governing the settlement of trade balances between countries. During its existence, intra-regional trade was at a high level [Blackman, 1997]. With the balance of payments problems faced by Guyana and Jamaica in the late 1970s, the clearing facility broke down, as these countries were unable to service their debts with Barbados and Trinidad and Tobago. Finally, the greatest impact on the economy was the closure of major electronic components assembly operations between 1983 and 1986 due partly to the global over-production of computer chips and high operating costs. In the garment industry, there was also the closure of a major operation in 1986.

In 1986, there was however a marked increase in economic activity as the economy recorded a growth rate of approximately 5 per cent, due mainly to the expansion of the government's capital works programme. The changes in the income tax structure which resulted in a rise in real disposable income and hence aggregate demand contributed partly to the high growth rate in 1986. The economy made some modest recovery during the 1985-90 period as the average annual growth rate increased to 2.3 per cent. The Government was particularly concerned about the relative growth rates of the 'foreign exchange using' and 'foreign exchange earning' sectors. During the period the 'foreign exchange using' sectors grew at a faster rate than the 'foreign exchange earning' sectors, hence creating a serious drain on the foreign exchange reserves. The main growth sectors were construction, electricity, gas and water, government services and transportation, storage and communications. The tourism sector was particularly robust during the 1986-89 period with an average growth rate of 10 per cent per annum. In 1990, there was a slump in all the major sectors except non-sugar agriculture.

The period 1990-95 was characterized by a decline in economic activity which forced the Government to seek financial assistance from the International Monetary Fund (IMF) and the World Bank. The Inter-American Development Bank (IDB) was also approached for financial assistance. Real GDP declined from Bds \$909m in 1989 to Bds \$791.9m in 1992, while per capita real GDP fell from Bds \$3492.12 in 1989 to Bds \$3009.88 in 1992. The decline in economic activity and associated twin deficits on the balance of payments (BOP) and fiscal accounts resulted in the government implementing a structural adjustment programme (stabilization and structural reform). Since 1992, there has been a recovery in the Barbadian economy as real GDP increased from Bds \$791.9m in 1992 to Bds \$961.8m in 1998, that is, an average annual growth rate of 3.3 per cent. The economy has been experiencing an upward trend in output since then [see Figure 2.1].

Over the period 1960 to 1998, there was a shift in the composition of domestic exports. During the 1960s, sugar and its by-products (molasses and rum) accounted for over 80 per cent of domestic exports. With the active promotion of manufactured production, the share of manufactured exports in total domestic exports rose from 7 per cent in 1960 to a peak of 86 per cent in 1985. The share of sugar and its by-products has continued to decline while the share of manufactured exports in total domestic export of goods surpassed the 70 per cent mark in the 1990s. The range of manufactured exports has also widened – from garments and food and beverages to chemicals, electronic components and data processing. The shift from sugar to manufactured exports also saw a shift in export market orientation from Europe to the United States and, to a lesser extent, CARICOM. The export of services also increased significantly over the period 1966 to 1998. In 1966, services exports accounted for 52.3 per cent of total exports of goods and services, while in 1998, services exports rose to 80 per cent of total exports. Tourism services and, in recent years, financial services, have been a major contributor to the expansion of exports from Barbados,

Very little research has been undertaken on the factors which affect economic growth in Barbados. An econometric study undertaken by Lewis and Craigwell (1998) for the period 1960 to 1991 identified real capital investment and human capital investment as the main factors influencing economic growth. Other research on the Caribbean by the World Bank has also identified foreign direct investment and exports as having a positive impact on economic growth.



The savings-investment nexus is central to the economic growth process. Over the period 1973 to 1998, savings deposits with commercial banks increased from Bds \$100,446 in 1973 to Bds \$1,698,159 in 1998, that is, an average annual growth rate of 12.1 per cent [see Table 2.3]. Allowing for an average inflation rate of 7.8 per cent over the period, 'real' financial savings increased by 4.3 per cent per annum. Time deposits increased from Bds \$99,741 in 1973 to Bds \$738,070 in 1998, that is, an average annual growth rate of 8.6 per cent. Financial savings in the form of saving and time deposits in commercial banking have therefore recorded a positive growth rate since independence. Government savings (that is, the current account balance) have

been largely positive in nominal terms in the post-independence period. Deficits on current account were recorded in four fiscal years since 1965/66 (i.e., 1973/74, 1976/77, 1987/88 and 1990/91) [see Table 2.4]. Government savings have been used to help finance its capital works projects which have also been supported by foreign loans.

Table 2.3
Savings and time deposits in the commercial banks
1973-1998 (Bds \$m)

YEAR	SAVINGS DEPOSITS	TIME DEPOSITS
1973	100.5	99.7
1976	146.0	163.1
1979	278.4	202.7
1982	412.3	300.8
1985	512.3	355.8
1988	791.6	330.9
1991	956.0	418.6
1994	1,231.6	400.5
1997	1,541.6	722.9
1998	1,698.2	738.1

Source: Central Bank of Barbados: Annual Statistical Digest, 1999

Table 2.4
Government savings (balance on current account)
1965/6 – 1997/8 (Bds '000)

YEAR	SAVINGS	YEAR	SAVINGS
1965/66	6,024	1983/84	53,799
1967/68	1,297	1985/86	17,289
1969/70	5,802	1987/88	- 21,342
1971/72	11,036	1989/90	135,921
1973/74	-12,274	1991/92	68,923
1975/76	24,114	1993/94	52,122
1977/78	5,988	1995/96	107,433
1979/80	39,723	1997/98	203,342
1981/82	19,229		

Source: Central Bank of Barbados: Annual Statistical Digest, 1979, 1999

The nominal value of gross capital formation (gross investment) increased from Bds \$156.2m in 1975 to Bds \$918.9m in 1998, that is, an average annual growth rate of 8.0 per cent [see Table 2.5]. If the inflation rate is used as a deflator, gross investment (new plus replacement investment) hardly grew during the period. The investment-GDP ratio was generally under 0.25 over the period 1975-1998. Much of the capital investment was in private building activity. Gross investment (in current prices) increased between 1975 and 1982, but declined between 1983 and 1985. There was a steady increase over the period 1986 to 1990 when the structural

adjustment programme was implemented. Since 1993, there has been a significant increase in gross capital investment, especially in the private construction sector. Total private foreign investment was largely erratic in Barbados over the period 1977 to 1994. While there was a general growth in such investment in the late 1970s and early 1980s, there was a decline during the early 1990s. There has been some recovery in private foreign investment in recent years [see Belgrave and Ward, 1997].

Although gross capital formation is calculated in current prices, it seems that there is a close association between the pattern of gross capital formation and economic growth over the period 1975 to 1998. Over the sub-period 1975-80, the average annual growth rate of capital formation was 22.1 per cent while it was -2.6 per cent during the period 1980-85, 11.8 per cent during 1985-90, -2.6 per cent during 1990-95 and 17.2 per cent for the 1995-98 period. This pattern is reflected in the average annual growth rates of real GDP [see Table 2.26].

Human capital investment in the form of expenditure on education and training has been important to the post-independence development of Barbados. A recent study by Boamah (1997) attributes nearly 50 per cent of economic growth over the 1964-93 period to the contribution of the labour input. While the pure labour input (employment of persons) accounted for 20 per cent of the output growth, the qualitative improvements of the workforce (human capital deepening) accounted for approximately 30 per cent.

Table 2.5
Gross capital formation 1975-1998 (Bds \$m)

YEAR	CAPITAL FORMATION	YEAR	CAPITAL FORMATION	YEAR	CAPITAL FORMATION
1975	156.2	1983	421.2	1991	580.4
1976	235.9	1984	373.9	1992	300.8
1977	138.6	1985	371.8	1993	419.8
1978	154.5	1986	423.8	1994	464.8
1979	317.2	1987	466.7	1995	568.2
1980	424.3	1988	543.3	1996	605.5
1981	525.0	1989	656.3	1997	814.8
1982	450.5	1990	648.2	1998	918.9

Source: Central Bank of Barbados: Annual Statistical Digest, 1979, 1999

The growth of the Barbadian economy since 1966 points to the importance of external influences on domestic economic activity. The oil crises of 1973/74 and 1979 and the recessions in the United States in 1979/83 and 1989/91 had an adverse effect on the Barbadian economy. The growth performance of the country has been dependent on the performance of the export sectors – sugar, light manufacturing and tourism.

Development planning and policy have been directed towards diversification of the production structure since the 1960s. While structural change in an economy can result from 'natural forces' such as changes in consumer preferences, technical change and producer behaviour, deliberate government policy plays an important role in the process. Underlying the growth process in the economy are significant structural changes which must be assessed.

A key feature of the change in the structure of production in Barbados has been the decline in the contribution of the agricultural sector (especially sugar agriculture). The share of sugar agriculture in GDP declined from 20 per cent in 1965 to 2.1 per cent in 1998, while the contribution of non-sugar agriculture fell from 6.3 to 3.5 per cent over the same period. The share of manufacturing in total production has varied between 9 and 12 per cent over the post-independence period. The tourism sector (i.e., hotels and restaurants), which has been the target of Government's policy measures, recorded an increase in its contributions to GDP from 8.3 per cent in 1970 to 15 per cent in 1998 [see Table 2.6]. Both the manufacturing and tourism sectors have benefited from fiscal incentives granted by the Government [see Cox, 1982; Phillips, 1982; Downes, 1985]. Foreign investment has played an important role in the development of these sectors. The need to encourage foreign investment stems from the inadequacy of domestic savings to finance the level of investment needed to expand the productive sectors. By offering fiscal incentives such as accelerated depreciation allowances, duty-free importation of raw materials and capital equipment, and subsidized rental accommodation, the government expected an inflow of foreign capital to supplement domestic capital formation. In the light-manufacturing sector, foreign-owned companies have been the main exporters of goods and employers of labour (i.e., garments, chemicals, electronic components, and in recent years, data processing). In the tourism sector, large hotels are owned primarily by foreign concerns.

Table 2.6
Sectoral distribution of GDP 1965-1998 (1974 =100)
%

SECTOR	1965	1970	1975	1980	1985	1990	1995	1998
Agriculture: Sugar	19.9	10.55	9.5	7.18	5.39	3.35	1.93	2.13
Non-sugar	6.3	4.05	3.8	3.12	4.19	4.04	4.29	3.46
Mining and Quarrying		0.15	0.2	0.53	0.93	0.74	0.86	0.96
Manufacturing	10.2	8.32	10.3	11.82	10.39	9.98	9.87	9.82
Electricity, Gas, Water		1.23	1.5	2.09	2.72	2.99	3.54	3.55
Construction	9.4	7.31	6.6	7.03	6.34	6.82	6.69	7.84
Wholesale/Retail Trade		19.56	18.2	19.52	19.58	19.52	29.22	20.21
Tourism		8.27	9.3	13.83	11.51	14.42	15.19	14.96
Transport/Storage/Communication	7.7 ^a	7.10	7.2	6.19	7.46	7.14	8.17	8.14
Business/General Services	22.5 ^b	19.81	14.2	15.96	17.89	17.19	17.16	16.85
Government Services	11.1	13.65	15.0	12.71	13.58	13.67	13.18	12.06
Other	14.9							
Total	100.0	100.00	100.0	100.00	100.00	100.00	100.00	100.00

Source: Barbados Economic Report, 1979, 1980

Central Bank of Barbados: Barbados Economic and Social Report, 1998

Notes: ^a Transport/Public utilities; ^b Distribution

The services sector (distribution, tourism, business and general and Government services) has grown significantly since the 1960s. In 1965, this sector accounted for 40 per cent of the GDP while in 1998, it accounted for 65 per cent of GDP. In recent years, the Government has sought to actively promote new tourism services (e.g., eco-tourism, sport tourism), financial, business and professional services.

2.2.1 Agriculture

While there has been some degree of structural change taking place among the sectors, there have been important intra-sectoral changes. In the agricultural sector, a gradual consolidation of the operations has been associated with sugar production. While sugar cane production still takes place on large plantations, these have declined over time, as land has been sub-divided for residential and commercial purposes. Sugar production took place in 34 factories in the 1950s, while today, only three factories are in operation (Andrews, Buckley and Portvale). Sugar production declined from 199,000 tonnes in 1965 to 48,000 tonnes in 1998. There has been a corresponding decline in the areas reaped, from 20,200 hectares in 1965 to 8,400 in 1998. A significant percentage of land has changed from agricultural use to residential and commercial use [see Downes et al, 1996].

The sugar industry has been beset by a number of problems which have hampered its foreign exchange earning ability: high level of debt, high production costs relative to export sugar prices, poor management, changing weather conditions, a volatile global market, industrial action by workers and competition from alternative sweeteners. The Government has periodically offered price support to the industry and has restructured its operations. Sugar is still exported under a guaranteed market scheme with the Lomé Convention (i.e., the Protocol on ACP Sugar) and its price in European (i.e., United Kingdom) market is linked to the price paid to beet sugar producers in Europe. The consolidation of sugar production operations has been undertaken in order to achieve economies of scale (i.e., lower unit costs of production).

Diversification in the agricultural sector has taken place primarily through the development of a non-sugar agricultural programme. Traditionally, Barbados has imported a large proportion of its food requirements. Each development plan has outlined a programme of non-sugar development, especially in the areas of livestock, vegetables and other food crops. An Agricultural Development Corporation (ADC) was established in 1965 and charged with the responsibility of promoting the development of vegetable and livestock production and research. Previously, a Barbados Marketing Corporation (BMC) was set up in 1961 to engage in the marketing of these agricultural products. The agencies were merged in the 1990s to form the Barbados Agricultural Development and Marketing Corporation (BADMC). The agricultural diversification programme has not met with the degree of success that was envisaged. Although the country has been able to attain some degree of self-sufficiency in a number of areas (e.g., milk, onions, carrots, potatoes and poultry), the programme has been beset by a number of problems over the years. These problems include the general shortage of knowledge, skills and managerial expertise, the part-time nature of small scale farming, the negative attitude of persons towards employment in agriculture, the marginality and fragmentation of small-scale production, adverse weather conditions, diseases and the sustainability of production.

2.2.2 Manufacturing

The manufacturing sector has undergone significant changes in terms of the range of products produced and, to a lesser extent, the nature of ownership. Through a system of fiscal incentives and institutional supports, the government has sought to encourage both local and foreign manufacturers to establish companies. From the early post-war period until 1966,

production was limited to food processing, beverages and tobacco, furniture and garment operations. These were largely locally owned and catered to the domestic and regional markets. Since 1966, the production of clothing, paints, paper products and furniture intensified. During the early 1980s, food and beverages, electronic components, garments and chemicals dominated the manufacturing sector in terms of output, employment and exports (see Downes, 1985). These industries are characterized by a high degree of foreign control and ownership and by 'enclave' operations which formed part of the international network of transnational corporations.

Productive activity in the manufacturing sector was adversely affected by the decline in economic activity within CARICOM in the 1980s. In addition, several major electronic components assembly plants (Intel, MicroData, CORCOM and Semi-Conductor) closed their operations. For example, the industrial production index for electronic components declined from 141.0m in 1984 to 46.8m in 1988. Production in this sub-sector has been very low since the late 1980s. Activity in the wearing apparel sub-sector has also declined tremendously since the mid-1980s. In 1984, the production index for wearing apparel was 110.7 while in 1998, it was 8.8. The main areas of activity in the manufacturing sector today are food, beverages and tobacco, non-metallic products, data processing and miscellaneous manufacturing. The sector has been under severe pressure from competing imports, especially from Trinidad and Tobago and Jamaica.

The domestic market has been the main sales point for manufacturers. Approximately 80 per cent of total value of goods produced and sold took place in the domestic market in 1994. Barbadians largely own the enterprises, with a few non-Barbadian companies in food processing, garments, chemicals and information services. Many of these locally owned enterprises are small and medium-sized. Raw materials account for 4.4 per cent of total production costs in the manufacturing sector, while labour costs account for 18 per cent. General and administrative costs make up 22 per cent of production costs. Efforts to enhance competitiveness in the sector must therefore focus on production and operations management.

2.2.3 Tourism

The tourism sector has witnessed significant growth and change since the 1950s. The government has sought to promote the sector as a major foreign exchange earner through the granting of fiscal incentives (e.g., Hotel Aids Act). During the early stages of tourism development, tourists came mainly from the United States and the Caribbean. Since 1966, the promotional activities of the various Government agencies and private enterprises have resulted in a significant degree of market diversification. Tourist arrivals from CARICOM countries have declined significantly, while arrivals from European markets have increased. In 1965, approximately 30 per cent of tourist arrivals were from CARICOM countries, while in 1995, the percentage was 13.3. Arrivals from United Kingdom and other countries increased from 20 per cent in 1965 to almost 50 per cent in 1995. The proportion of arrivals from the United States declined significantly over the 1965-95 period [see Table 2.7]. Over the period 1965-95, the average annual growth rate of tourist arrivals was 5.8 per cent. Cruise ship tourist arrivals have witnessed a significant increase since the mid-1960s. In 1966, 51,593 cruise ship tourists came to Barbados, while in 1995, 484,670 tourists visited the country, that is, an average arrival

growth rate of 6.7 per cent. Cruise-ship visitors have now outstripped long stay visitors [see Table 2.8]. Many of these cruise-ship visitors originate from the United States. The average length of stay and the hotel bed and room occupancy rates have fluctuated markedly over the 1966-95 period.

In recent years a significant amount of refurbishing of the hotel plant has been taking place. The Government has taken over a number of small hotels under a 'Gems of Barbados' project. These hotels were indebted to the former government-owned Barbados Development Bank. Several privately owned hotels have extended their plant as part of a major tourism development drive.

Table 2.7
Tourist arrivals 1965-1995

PERIOD	UK		USA		CANADA		CARICOM		OTHER		TOTAL	
	No	%	No	%	No	%	No	%	No	%	No	%
1965	6,673	9.8	19,811	29.0	14,212	20.8	20,842	30.5	6,880	10.1	68,418	100
1970	12,083	7.7	57,111	36.5	39,609	25.3	33,450	21.4	14,164	9.1	156,417	100
1975	24,802	11.2	54,894	24.8	75,517	34.1	38,070	17.2	28,203	12.7	221,486	100
1980	56,226	15.2	85,971	23.2	84,934	23.0	84,398	22.8	58,386	15.8	369,915	100
1985	38,822	10.8	148,093	41.2	70,573	19.7	62,840	17.5	60,464	16.8	359,135	100
1990	94,890	22.0	143,295	33.2	57,841	13.4	62,298	14.4	73,768	17.1	432,092	100
1995	126,621	28.6	111,983	25.3	53,373	12.1	58,635	13.3	91,495	20.7	442,107	100
1995	186,690	36.4	106,300	20.8	59,946	11.7	70,358	13.7	89,103	17.4	512,397	100

Source: Central Bank of Barbados: Annual Statistical Digest, 1999

Table 2.8
Tourism performance indicators 1966-1995

YEAR	TOURIST ARRIVALS	CRUISE SHIP ARRIVALS	AVERAGE LENGTH OF STAY (NIGHTS)	HOTEL BED OCCUPANCY RATE (%)	HOTEL ROOM OCCUPANCY RATE (%)
1966	79,104	51,593	6.5	51.8	54.2
1970	156,417	79,635	5.3	45.9	42.9
1975	221,486	98,546	8.6	40.9	44.9
1980	369,915	156,461	9.8	65.3	68.9
1985	359,135	112,222	6.3	39.5	43.9
1990	432,092	362,611	6.8	55.2	57.5
1995	442,107	484,670	7.4	56.7	57.0
1998	512,397	506,610	6.0	n.a.	n.a.

Source: Central Bank of Barbados: Annual Statistical Digest, 1999

2.2.4 Other services

In the services sector, the Government has been actively promoting the country as a centre for the establishment of international financial and business services. Legislation has been passed to enable the establishment of international business companies (IBCs), foreign sales corporations (FSCs), exempt insurance and management companies, offshore banks and societies with restricted liability. By the end of 1998, there was an estimated 6199 offshore companies licensed in Barbados, with approximately 91 per cent being IBCs and FSCs. The development of the telecommunications system and other facilities has been integral to the growth of the 'new services' sector. Information services (data processing, software development) also expanded in the 1990s. For example, employment in the Barbados Investment and Development Corporation (BIDC)-assisted enterprises increased from an average of 1123 in 1989 to 2412 in 1998. There has also been a slight increase in professional and technical services under the aegis of the BIDC.

The evidence suggests that there has been moderate growth and significant structural changes in the economy of Barbados since the mid-1960s. Government involvement in economic activity has been largely parametric. It has provided the necessary policy and institutional framework for the private sector development in the country. In addition, the Government has sought to improve the socio-economic infrastructure (health, education, transportation and public utilities). For example, government capital expenditure (in current prices) increased from Bds \$111m in 1966/67 to Bds 254m in 1997/98, that is, an average annual growth rate of 10.2 per cent. Real GDP increased by a modest 2.6 per cent per annum over the 1965-98 period. There have been periods of recession in the economy induced primarily by external factors. The economy has witnessed significant inter- and intra-structural changes since the 1960s. Agricultural production has declined in importance, while the services sector has become dominant. Barbados has therefore made the transition from an agricultural-based economy (i.e., sugar production) to a services-based economy (i.e., tourism, financial and business services). There is some evidence that the 'informal' sector has grown in the country [see Prescod, 1986; Small, 1993]. In addition, there has been a considerable expansion of the number of enterprises (especially small operations) since the 1960s. As Worrell (1996) notes there has been significant changes in the structure of firms providing business and professional services, which has nurtured a middle-income class, who have subsequently invested in other areas of the economy. The quality of the services provided has been generally high by international standards (e.g., public utilities) and has resulted in the continual expansion of other sectors of the economy.

2.3 Labour force, employment and unemployment

The generation of employment opportunities in order to reduce the high level of unemployment has been one of the main objectives of development planning and policy in Barbados. Since the level of unemployment is the difference between the size of the labour force and the number of employed persons, development policy has been directed at reducing the growth of the labour force while, at the same time, generating employment opportunities through the expansion of domestic production.

The existing level of the labour force is determined by past population growth rates. Attempts have been made to curb the rate of population growth through a family planning programme which was instituted in the late 1950s. Partly through the educational programme of the Barbados Family Planning Association (BFPA), the birth rate declined from 33.4 per 1000 in 1955 to 13.6 in 1998. The emphasis on social services development such as health, nutrition, education and housing has resulted in a decline in the death rate from 12.6 per 1000 in 1955 to 9.3 in 1998. The decline in both the crude birth and death rates has led to a decline in the natural rate of population growth to under 0.5 per cent per annum.

Emigration has historically been a major outlet for 'surplus labour' in Barbados. Indeed, the Government actively supported the emigration of 'semi-skilled' labour in the 1960s to the United Kingdom (i.e., nurses, transport workers) in an effort to alleviate the chronic unemployment problem. In the late 1950s and early 1960s, the United Kingdom was the main destination of Barbadian emigrants. With the passing of the Commonwealth Immigration Act in 1962, the doors to the United Kingdom were closed. Some degree of family unification was allowed. The United States and Canada later became the primary countries in which excess labour in Barbados sought employment. As Ebanks and George (1975) note, emigration reduced both the size and growth of the population through its effect on potential and actual fertility rates. Emigration was viewed as a means whereby surplus labour could generate foreign exchange through the remittances of these emigrants. Changes in the population over the past four decades have resulted in the aging of the population, that is, a relative decline in the young cohorts of the population and an increase in the older cohorts. Such a change has implications for the financing of the national pension scheme and the capacity of the health care system to cope with the demands of the elderly [see Downes, 1998].

Between 1965 and 1998, the labour force grew from 93,300 to 136,300 persons, that is, an average annual growth rate of 1.3 per cent [see Table 2.9]. The percentage of the adult population in the labour force, that is, the labour force participation rate, has however remained relatively constant over the post-independence period. In 1965, the participation rate was 65.2 per cent, while in 1980, it was 65.9 per cent, and in 1998, 67.7 per cent. The labour force participation rate for females however increased significantly from 49.2 per cent in 1965 to 62.0 per cent in 1998. The male participation rate declined moderately from 86.2 per cent in 1965 to 74 per cent in 1998. There was a general narrowing of the male-female labour force participation rate differential over the period, from 1.75 in 1965 to 1.19 in 1998. The increase in the female participation rate since the 1960s can be attributed to several factors, namely, improved educational and training opportunities for females, thus boosting their human capital, the expansion of economic activity in selected areas of the economy (i.e., information services, banking, insurance and finance, distribution), the establishment of day-care services and the increasing use of modern household production technology, which releases time from household production activities.

Table 2.9
Labour force characteristics, 1965-1998

YEAR	ADULT POPULATION '000			LABOUR FORCE '000						PARTICIPATION RATE (%)			UNEMPLOYMENT RATE (%)		
	Both	Male	Female	Both		Male		Female		Both	Male	Female	Both	Male	Female
				No	%	No	%	No	%						
1965	143.2	61.7	81.4	93.3	100	53.2	51.0	40.1	42.9	65.2	86.2	49.2	13.0	9.0	18.0
1970	149.8	69.1	80.7	89.8	100	53.9	60.0	35.9	39.9	59.9					
1975*	164.5	75.7	88.8							63.1	77.2	57.2	18.0	13.0	16.3
1980	174.2	80.1	94.1	114.8	100	62.1	54.1	52.7	45.9	65.9	77.5	56.0	14.5	5.7	8.8
1985	177.7	82.2	95.5	113.3	100	60.6		52.7		63.7	73.7	55.2	18.7	14.2	24.0
1990	184.1	85.1	98.9	123.9	100	64.3	51.9	59.6	48.1	67.4	75.5	60.3	15.0	10.1	20.3
1995	200.7	92.8	107.9	136.8	100	69.1	50.5	67.6	49.4	68.2	74.5	62.7	19.7	16.5	22.9
1998	201.4 ^P	n.a.	n.a.	136.3	100	70.3	51.8	66.0	48.4	67.7	74.0	62.0	12.3	8.4	16.4

Source: Barbados Statistical Service

Notes: ^P provisional; *three year averages (1975-77)

An examination of the educational attainment of the labour force indicates that over 50 per cent of the force have attained secondary level education, while approximately 40 per cent have at least primary level education. Although enrolment rates at the primary and secondary school levels are relatively high, since children must attend school up to the age of 16 years, there is still a concern about the relatively low degree of certification among labour market participants. In 1990, it was estimated that approximately 60 per cent of the school population left the system without any certification. The Government has sought to enhance the skill base of the school leaving population by organizing a number of technical and vocational education and training (TVET) programmes. For example, a TVET Council has been established to coordinate the provision of training in technical and vocational areas. In addition, the Vocational Training Board organizes skills training and apprenticeship programmes [see Parris, 1998].

The employed labour force increased from 81,100 persons in 1965 to 119,600 in 1998, that is, an annual average growth rate of 1.3 per cent. An examination of the trend in employment since the 1960s indicates that it has been influenced primarily by change in output. This has been confirmed by econometric analysis [see Downes, Mamingi and Antoine, 2000]. Declines in employment were observed during the 1982/85 and 1992-93 periods. More males than females are employed, although the male-female employment ratio declined from 1.47 in 1965 to 1.17 in 1998.

Historically, the agricultural sector was the main employer of labour in Barbados. Since the 1960s, there has been a secular decline in both the absolute and relative levels of employment in the agricultural sector. In 1965, approximately 22,800 persons were employed in the agricultural sector (i.e., 28 per cent of the employed), while in 1998, only 5,200 or 4.3 per cent of the employed earned their living in the agricultural sector [see Table 2.10]. The attempts in the 1960s and 1970s to diversify the production structure of the economy resulted in an early emphasis on import substitution in the manufacturing sector. With the limited domestic size of the market being unable to provide enough employment opportunities via import substitution, the Government actively promoted export manufacturing (e.g., garments, chemicals in the 1960s and 1970s, electronic components in the 1980s and data processing/software development in the 1990s).

The services sector has however become the main absorber of labour in Barbados. Wholesale and retail trades, general private and government services employed 52 per cent of the employed labour force in 1998. When the export-oriented services sector – tourism and financial – are considered, employment in the ‘services sector’ accounted for an estimated 70 per cent of the employed.

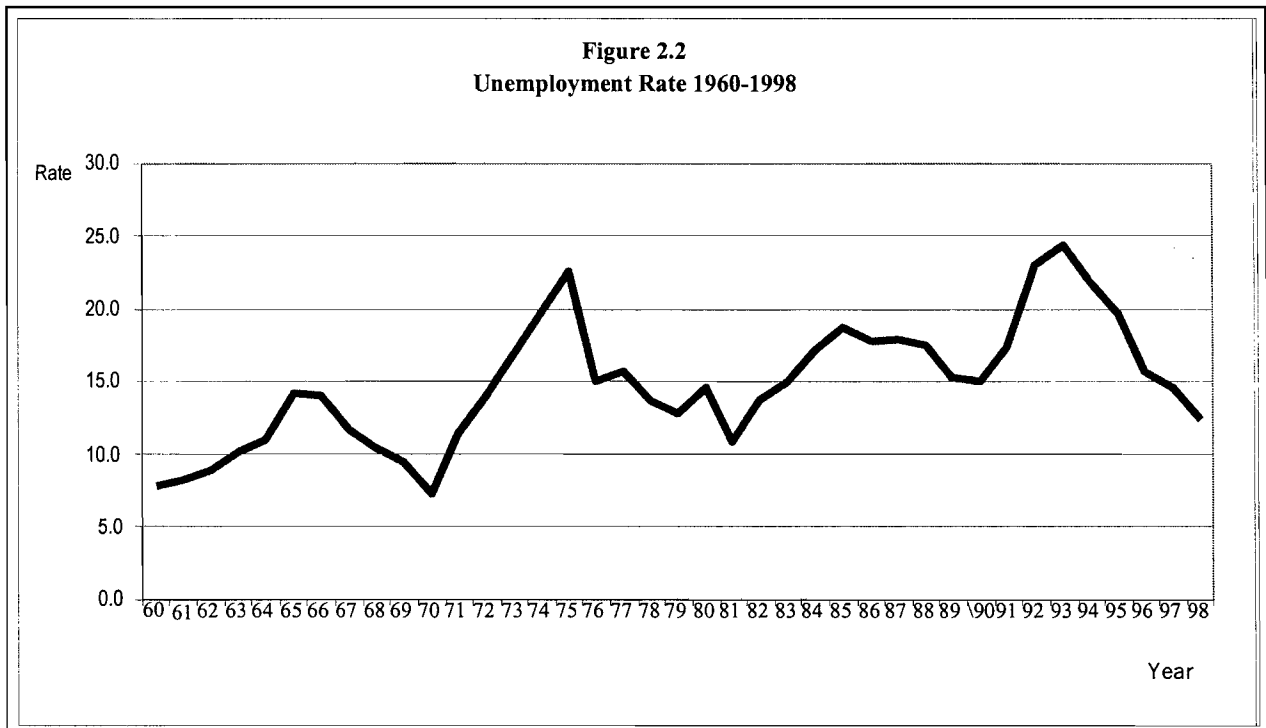
Table 2.10
Sectoral distribution of employment 1965-98, both sexes (%)

SECTOR	1965	1970	1976	1980	1985	1990	1995	1998
Sugar/other Agriculture	27.8	17.7	9.8	9.2	8.5	6.2	4.6	4.3
Construction/Quarrying	9.7	13.2	8.7	8.2 ^a	7.7	9.1	8.0	10.4
Manufacturing	10.9	13.4	15.2	15.0	13.0	11.2	10.6	8.9
Electricity/Gas/Water	1.4	1.3	0.8	0.9	2.5	1.4	0.9	1.1
Wholesale/Retail	17.6	14.6	19.0	n.a	21.8	15.6	15.1	15.2
Tourism	n.a.	n.a.	n.a.	20.9 ^b	n.a	4.8	10.8	11.5
Transport/Communication	6.3	5.5	6.0	5.9	5.5	6.2	4.6	4.3
Financial Services	n.a	n.a	n.a	3.2 ^c	3.4	3.5	6.9	6.3
General Services	14.7	34.3 ^{cd}	40.5 ^{cd}	n.a	37.6	16.3	17.6	16.6
Government Services	11.3	n.a	n.a	36.8	n.a.	20.7	20.8	20.5
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Notes: ^a construction and mining; ^b trade and tourism; ^c finance and business services; ^d includes government services
Source: Barbados Statistical Service

The private sector provides the bulk of the employment in Barbados. The number of private sector employees grew from 64,300 in 1981 to 71,800 in 1995, accounting for over 60 per cent of the employed labour force. However, the Government has been the largest single employer of labour in the country, accounting for the employment of approximately 24,000 persons. A noticeable trend has been the number of employed classified as ‘employer’ or ‘self-employed’. Since the mid-1980s, there has been a growth in this category, from 9,300 persons in 1984 to 14,000 in 1995. This category contains both informal labour market workers and professionals and probably reflects a growing entrepreneurial class in Barbados.

Unemployment rates in Barbados have historically been high compared with several other countries. An unemployed person in Barbados is defined as one who is available and looking for work but unable to find any form of work during a three-month period immediately preceding the date of enumeration. Based on this definition, the total number of unemployed persons declined from 16,200 in 1976 to 12,400 in 1981. The number of unemployed persons then reached a peak of 32,300 in 1993 during the period of structural adjustment in Barbados. Since the end of the stabilization programme there has been a steady decline in the number of unemployed persons. A noticeable feature of the employment trend is the fall in the number of unemployed during periods of national elections (1981, 1986 and 1995), which provide some evidence of a political business cycle [see Figure 2.2].



Over the period 1976 to 1998, the unemployment rate ranged between 10.8 per cent (1981) and 24.3 per cent (1993). As indicated earlier, the unemployment rate reached its highest levels during the period of structural adjustment, 1992-1994. During this period the rate was over 20 per cent. The unemployment rate for females has always been higher than the rate for males. Over the 1996-98 period, the rate for females ranged between 13.1 and 30 per cent, while that for males ranged between 6.4 and 27.6 per cent.

Like several other developing countries, Barbados has a youth unemployment problem. In 1985, the unemployment rate among the 15-19 years age group was 53.3 per cent, while that for the 20-24 years age group was 30.9 per cent. In 1995, the unemployment rate among the 15-19 years age group was 52.9 per cent and among the 20-24 years age group was 31.1 per cent. During the recession of 1991-1993, the unemployment rate for the 15-19 years age group was more than 60 per cent. Youth unemployment is particularly severe among females, with a rate of over 60 per cent for the 15-19 years age group during the 1990-95 period [see Downes, 1998].

More than 70 per cent of the unemployed have received at least secondary level education. Given that approximately 60 per cent of the school population leave school without any certification, it is expected that the human capital base amongst the unemployed would be weak. Indeed, recent research indicates that the shortage of skilled human resources is one of the main concerns of business. The high level of youth unemployment, coupled with the high incidence of uncertified workers, suggests a 'mismatch' problem associated with a dysfunctional education system.

One significant feature relating to the nature of unemployment in Barbados is the long duration of unemployment experienced by some persons. The modal range for the duration of unemployment is six months to a year. In 1966, for example, 34 per cent of the unemployed

labour force was in this state for more than one year. This situation represents a significant degree of hard core long-term unemployment, which appears to be more prevalent among females. Although Barbados has an unemployment insurance scheme, its eligibility requirements mean that a number of unemployed persons have no source of income. Many of them have to rely on a household sharing mechanism or on the state welfare assistance system. In some cases, the unemployed seek periodic employment in the informal labour market in such activities as vending, car washing, gardening and illegal trading.

The government has established skill-training programmes to train young school leavers in a range of technical and vocational areas. The Barbados Vocational Training Board and the Technical and Vocational Educational and Training Council are the main institutions providing offering programmes geared towards the supply of appropriate skills for the labour market. Tertiary institutions such as the Samuel Jackman Prescod Polytechnic and the Barbados Community College also offer training programmes for young persons [see ILO, 1999]. While the government has provided employment in its various operations, its focus has been on enhancing the skill base of the labour force through educational and training programmes.

An assessment of the labour force, employment and unemployment in Barbados since the 1960s indicate significant changes in the nature of employment activity, the quality of the labour force and the degree and nature of unemployment. The reduction of unemployment has been a key goal of development policy over the years. Although the Government has provided direct employment opportunities, its approach to employment creation has largely been facilitatory, with the private sector being the main absorber of labour [see ILO, 1999].

2.4 Income inequality and poverty

Although the reduction of inequality in the distribution of income and wealth and the eradication of poverty have been identified as major development objectives little information is available on the extent to which inequality and poverty have changed over the decades. Studies on the extent of inequality have been sporadic and inconsistent in the definition of income. No study has been undertaken on the distribution of wealth, while only one study has been undertaken on poverty.

Taking into account the differences in the definition of income, studies of the distribution of household income indicate that there may have been a modest increase in overall inequality between 1951/52 and 1978/79, and some reduction in inequality between 1978/79 and 1996/97. While differences in the definition of income makes this conclusion very tentative, a good general conclusion which can be reached from all the studies is that there has been a redistribution of individual and household income towards the middle 40 per cent of the income units, especially during the 1970s. Recent data (1996/97) suggest some redistribution towards the lowest 40 per cent. The data clearly indicate a fall in the share of individual and household income for the top 20 per cent of the income units. In 1951/52, the top 20 per cent of households had 52.9 per cent of total household income, while in 1978/79 and 1996/97, this group had 51 and 46.8 per cent, respectively [see Table 2.11].

Table 2.11
The distribution of income 1951/52 – 1979/81

PERIOD	INCOME UNIT	GINI COEFFICIENT*	GDP PER CAPITA US \$	LOWEST 40 PER CENT	MIDDLE 40 PER CENT	TOP 20 PER CEN
1951-52	Household ^a	0.456		11.8	35.3	52.9
1978-79	Household ^a	0.484		10.2	38.8	51.0
1996-97	Household ^a	0.38 (0.39)		17.5	35.7	46.8
1970	Individual ^b	0.426		16.3	34.5	49.2
1974	Individual ^b	0.404		15.2	40.8	44.0
1970	Income Recipient ^c	0.369		18.6	37.4	44.0
	Economically Active Population ^c	0.426		14.7	38.4	46.9
1950-54	Individual ^b	0.518 ^e	150- 200 ^f			
1955-59	Individual ^b	0.474	201- 300			
1960-62	Individual ^b	0.459	301- 500			
1971-73	Individual ^b	0.395	607- 980			
1976-78	Individual ^b	0.358	1310-1987			
1979-81	Individual ^b	0.356	2406 and ove			

Notes

^a based on gross household income obtained from household Budget surveys (see source 1).

^b based on pre-tax income obtained from income tax returns (see sources 2 and 3)

^c income recipient refers to individuals who receive income of any kind, including transfer income and social security benefits. Economically active population refers to the labour force. Data obtained from population census (source 4)

* Gini coefficients for household and individual income are calculated by a numerical approximation procedure, while those for income recipient and economically active population are calculated by the regression method (see source 4)

^e These are average Gini coefficients (see Source 3)

^f refers to GDP per capita in US \$

Sources: 1 Downes (1987); 2 Cox (1979); 3 Holder and Prescod (1984); 4 Jain (1975).

The income distribution data also show that between the early 1950s and the late 1970s, the distribution of pre-tax individual income improved consistently over time as per capita income increased [see Holder and Prescod, 1984]. One study by Cox (1979) found that between the period 1970 and 1974, the lowest incomes were found in agriculture, manufacturing, retail and wholesale trades and hotel services. The 'middle income' group was found primarily in the public and commercial sectors, while the 'highest income' group consisted mainly of persons in the professional and financial services sub-sector as well as among investors in agriculture and general trading.

Although a detailed historical analysis would be needed to determine the factors affecting the change in the distribution of income over time, some of the factors which can be considered are the introduction of a progressive tax structure which has reduced the overall level of post-tax income, the improvement in human capital (education and training), which has resulted in better employment opportunities and high incomes, the government social security schemes which provide transfer payments for the lower income persons and remittances from abroad which would have had a significant effect on the distribution of household income. As indicated

earlier, emigration has played a very significant part in the economic life of the country as it provided an outlet for the high level of surplus labour and a source of foreign exchange through remittances. In recent years, with the decline of emigration, there has been a steady return of past emigrants and their families.

Only one study exists on the extent of poverty in Barbados [see Diez de Medina, 1997]. There have been estimates of head count poverty in Barbados produced by the World Bank and the Inter-American Development Bank (IDB). For example, Psacharopoulos (1993) used a regression analysis interpolation procedure of available data for a series of countries on poverty and per capita income to state the proportion of the rural population in poverty increased from 10.5 per cent in 1980 to 21.1 per cent in 1989, while urban poverty moved from 4.9 per cent to 2.3 per cent over the same period. The IDB estimated that approximately 8 per cent of the population were living in poverty in the early 1990s [see Diez de Medina, 1997].

To date, Diez de Medina's study offers the most comprehensive analysis of poverty in Barbados. The essential conclusions of his study are as follows:

- The mean value of the poverty line for the whole population in 1996 was estimated at Bds \$5,290 (US \$2,645) per capita. The poverty line is based on the minimum requirement of a nutritional food basket plus selected non-food items. The poverty line varies from Bds \$5,067 to Bds \$5,431 depending on the age and sex composition of the household. Hence the poverty line was set at Bds \$110 per week for each person.
- It was estimated that 12.7 per cent of all households were below the poverty line which represents 10,500 households or 20 per cent of the population in 1996.
- The pattern of income distribution is quite equal by international standards with a Gini coefficient of 0.41 in 1996. The top 10 per cent of the households received 32.1 per cent of total household income compared with 2.2 per cent for the bottom 10 per cent.
- More than 66 per cent of total income consisted of wages and salaries in cash and kind.
- Poor households (i.e., those below the poverty line) were larger (i.e., 5.4 persons compared with 2.7 persons for the non-poor), primarily female-headed and characterized by a large number of children. Poor households tend to have younger heads.
- The link between female-headed households and poverty can be partly related to the high level of female unemployment, job discrimination and other social factors.
- The human capital base of the poor (i.e., level of education and skill) is quite low. It however seems that poor households invest more than non-poor households in education which is perceived as a means of breaking the chains of poverty.
- The female participation rate is higher for poor households than non-poor households and reflects the need for women in female-headed households to enter the labour market to provide income for the household.
- The unemployment rate is highest among poor households and particularly affects the young cohorts and females.

- Poor households tend to make great use of the secondary (or informal) labour market.
- Employed males from poor households find low-paying jobs in such sectors as construction and quarrying, manufacturing and general services, while females work in general services, tourism and distribution. This reflects some degree of labour market segmentation.
- Unemployment spells are much longer for poor females than for males.
- A large proportion of the employed from poor households work in private sector enterprises or are self-employed in the informal sector.
- "Labour market constraints and low level of skills are still very closely related to the poverty status, revealing a segmented market where low productivity and lack of interaction with modern sectors prevent a number of households from escaping from poverty" (p. 33).

The general results from the studies indicate a strong link between poverty and labour market conditions. The poor households have low human capital which means that they can only obtain low paying jobs in a highly segmented market or remain unemployed [see Downes, 1999].

Social indicators of development suggest that poverty is not a severe problem in Barbados as in other countries. There is however a need to establish a poverty monitoring system, so that the impact of social and economic policies on the distribution of income and poverty can be assessed.

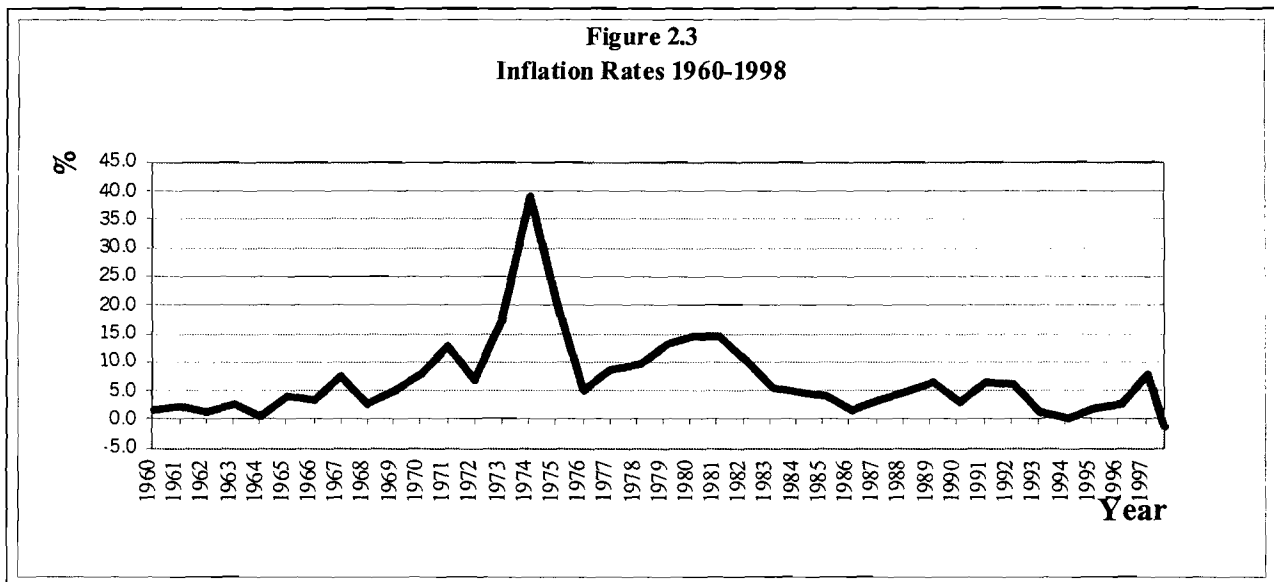
2.5 Macroeconomic management

The maintenance of a stable macroeconomic environment is an important aspect of the development planning process. In effect, short-run macroeconomic management must complement long-run development policy initiatives. A stable macroeconomic environment would involve low rates of inflation, low levels of internal and external debt, 'balance' on the fiscal and balance of payment accounts, a stable exchange rate regime and appropriate trade policies. Within this macroeconomic environment, the Government would be able to achieve its long-term objectives of a low rate of unemployment, economic growth, equity in the distribution of income and wealth, the reduction/eradication of poverty and effective social services.

2.5.1 Inflation

The inflationary experience of Barbados has been studied extensively [see Cumberbatch, 1997 for a survey]. Econometric analyses of inflation since the 1960s point to the strong influence of 'cost-push' elements such as import prices and, to a lesser extent, labour costs and the credit rate. 'Demand-pull' factors such as increases in the money supply or government expenditure are not important drivers of inflation. These factors tend to affect the Balance of Payments more so than the inflation rate in a small, open developing economy such as Barbados since excess aggregate domestic demand is satisfied by imports.

An examination of the inflationary experience since the 1960s point to two major episodes of high inflation rates in Barbados: 1969-1975 and 1979-1982. Both periods of inflation were influenced by external shocks, namely the increase in commodity prices in the late 1960s and early 1970s and the rise of oil prices in 1973/74 and again in 1979/80. During the 1973/74 'oil crisis' the inflation rate rose to its highest value in the history of Barbados - 39 per cent. Barbados recorded double-digit inflation during these two periods (1969-75 and 1979-82) [see Figure 2.3].



The other periods when inflation was an economic concern were:

- In 1967 when the pound sterling to which the Barbadian (Eastern Caribbean) dollar was tied was devalued
- In 1991-92 when taxes and other commodity prices were increased in the wake of the structural adjustment programme and,
- In 1997 when the value-added tax (VAT) was introduced

These events were associated with short spurts of moderate inflation, that is 6 to 8 per cent. Other periods have been associated with mild inflation rates, that is, less than 5 per cent. In 1998, Barbados experienced a negative rate of inflation for the second time in the past 60 years.

Barbados' relatively stable inflation rate history can be partly attributed to its exchange policy. The country has maintained a fixed exchange regime with its main trading partners over the years. Because of its colonial background, Barbados maintained a fixed exchange rate between the pound until July 1975 when it switched its peg to the United States dollar. Prior to 1975, the exchange rate between the pound sterling and the Barbadian dollar was Bds \$4.80 to one pound. During the early period of 1975, the value of the pound began to increase against the US dollar, thus making imports from the United States more expensive. A decision was

therefore taken to tie the Barbadian dollar to the United States dollar thereby revaluing the Barbadian dollar. The fixed exchange policy adopted by the Barbadian Government has been an anchor for the inflation rate. Increases in foreign prices of goods and services would therefore be the main influence on the inflation rate. Estimates of the extent of overvaluation of the Barbadian dollar vis-à-vis the United States dollar during the economic crisis of the early 1990s point to a moderate level of overvaluation. If the ratios of the retail price indices of Barbados to United States as a measure of the real exchange rate (assuming that the nominal exchange rate is fixed), then it is noted that the ratio rose between 1976 and 1998. This suggests some degree of overvaluation relative to 1976 and hence loss of competitiveness to the United States economy [see Table 2.12]. The exchange rate policy has also curbed speculative activity associated with exchange rate expectations and capital flight. IMF estimates of the real effective exchange rate between 1986 and 1998 suggest a cyclical pattern of depreciation and appreciation. Depreciation in the rate occurred during the periods 1986-88, 1990-91 and 1993-95, while appreciation occurred during the other periods. The extent of depreciation and appreciation varied between 2 per cent and 15 per cent over the period [IMF, 1998].

Table 2.12
Ratio of Barbados' retail price index to
US consumer price index 1976-1998 (1995=100)

YEAR	BARBADOS RPI	USA CPI	RATIO OF INDICES	% INCREASE RELATIVE TO 1976
1976	32.2	37.4	0.86	0.0
1977	34.9	39.8	0.88	2.3
1978	38.2	42.8	0.89	3.5
1979	43.2	47.6	0.91	5.8
1980	49.5	54.1	0.91	5.8
1981	56.7	59.7	0.95	10.5
1982	62.6	63.3	0.99	15.1
1983	65.8	65.4	1.01	17.4
1984	68.9	68.2	1.01	17.4
1985	71.6	70.6	1.01	17.4
1986	72.6	71.9	1.01	17.4
1987	75.0	74.6	1.01	17.4
1988	78.6	77.6	1.01	17.4
1989	83.5	81.4	1.03	19.8
1990	86.0	85.7	1.00	16.3
1991	91.4	89.4	1.02	18.6
1992	97.0	92.1	1.05	22.1
1993	98.1	94.8	1.03	19.8
1994	98.2	97.3	1.01	17.4
1995	100.0	100.0	1.00	16.3
1996	102.4	102.9	1.00	16.3
1997	110.3	105.3	1.05	22.1
1998	108.9	107.0	1.02	18.6

Note: The exchange rate has been fixed at Bds \$2= US \$1 since 1975

Source: IMF: International Financial Statistics Yearbook, 1999

2.5.2 Fiscal management

Between the fiscal periods (April-March) 1965/66 and 1998/99, government current expenditure rose from Bds \$32.5m to Bds \$1,332.9m, that is, an annual average growth rate of 11.5 per cent. Capital expenditure grew from Bds \$10m to Bds \$256.8m, that is, an average annual growth rate of 10.2 per cent. Comparing these growth rates with the inflation rate over the period, it can be stated that real government expenditure increased over the post-independence period.

Wages and salaries have traditionally been a major component of the government's current expenditure, that is, between 45 and 60 per cent. Current revenue increased from Bds \$38.5m to Bds \$1545.0m over the period, that is, an average annual growth rate of 10.6 per cent.

Since independence in 1966, the Government has recorded a deficit in its current account (i.e., government dis-saving) on four occasions (1973/74, 1976/77, 1987/88 and 1990/91). Given the excess growth of overall expenditure over revenue, Barbados has a chronic (structural) deficit on the overall fiscal account. The overall fiscal deficit has varied from Bds \$1.4m (1968/69) to Bds \$248.2m in 1990/91. The fiscal deficit to current GDP ratio which measures the amount of resources which the Government would have to extract from the economy to close the fiscal gap varied between 2 and 9 per cent during the post-independence period.

The history of fiscal deficits in Barbados provides evidence of a political business cycle. There are spurts in the overall fiscal deficit (due to increases in expenditure) around election time (1966, 1971, 1976, 1981, 1986 and 1995) [see Table 2.13]. There is also a pattern of periods of high government savings (i.e., current account surpluses) followed by a period of high overall fiscal deficits. For example, a high level of savings in 1971/72, 1975/76, 1978-81, 1983/84, 1988-90 and 1995/99 were followed by high deficits in 1972/74, 1976/77, 1981-83, 1984/85, 1990/91 and 1996/97, respectively. While it is expected that government savings would be used to finance capital works projects, much of this activity occurred during pre-election periods.

Table 2.13
Overall fiscal deficit 1965/66 – 1998/99 (Bds \$m)

Year	Deficit	Year	Deficit	Year	Deficit
1965/66	4.2	1977/78	83.0	1989/90	66.4
1966/67	10.1	1978/79	31.7	1990/91	248.2
1967/68	7.7	1979/80	46.9	1991/92	53.5
1968/69	1.3	1980/81	89.7	1992/93	52.0
1969/70	5.2	1981/82	154.8	1993/94	68.8
1970/71	11.7	1982/83	120.3	1994/95	36.4
1971/72	9.7	1983/84	73.5	1995/96	28.7
1972/73	14.8	1984/85	120.4	1996/97	128.0
1973/74	42.4	1985/86	125.6	1997/98	52.2
1974/75	37.3	1986/87	122.3	1998/99	37.9
1975/76	21.6	1987/88	219.7		
1976/77	61.6	1988/89	123.5		

Note: Elections were held in 1966, 1971, 1976, 1981, 1986, 1991, 1995 and 1999

Source: Central Bank of Barbados

Fiscal policy has been directed towards enhancing the economic development process and providing for the social welfare of the population. Through the tax-expenditure mechanism, the Government has been able to engage in social and economic engineering as it sought to manage short-run economic changes and provide for long-term social and economic development. The government's tax policy has been geared towards the provision of social services (education, health, housing), (that is, training and health levies), the redistribution of income, the encouragement of saving and investment, the promotion of entrepreneurship, the development of small business and the promotion of exports. It has also been targeted at reducing the level of imports [see Downes, 1989].

Its expenditure policy has been geared towards the provision of social infrastructure services and economic services. In 1965/66, social services (health, education, housing and community services) accounted for 53 per cent of current expenditure and 15 per cent of capital expenditure [see Tables 2.14 and 2.15]. In 1995/96, the share of social services expenditure in total current expenditure was 50 per cent, while the share in capital expenditure was 35 per cent. In the case of economic services (agriculture, water, roads, trade, industry and tourism), the share in current expenditure moved from 20 per cent in 1965/66 to 12 per cent in 1995/96, while the share in capital expenditure fell from 85 per cent in 1965/66 to 34 per cent in 1995/96. Social expenditure increased from 10 per cent of GDP in 1965/66 to 15 per cent in 1995/96, while economic expenditure fell from 10 per cent of GDP in 1965/66 to 5 per cent in 1995/96. The expansion of the social and economic services provided by the Government has contributed significantly to the improvement in the socioeconomic welfare of the population.

Table 2.14
Central government current expenditure by function
1965/66 – 1995/96 (Bds \$m)

Function	1965/66	1970/71	1975/76	1980/81	1985/86	1990/91	1995/9
General Services	6.13	18.92	33.00	61.59	97.68	146.89	181.8
Defense	0.13	0.14	0.87	8.38	21.23	25.59	29.2
Education	8.22	19.22	43.40	92.93	149.30	221.40	224.5
Health	5.19	15.54	31.50	61.67	89.38	141.01	153.3
Social Security/Welfare	3.49	10.47	19.30	47.80	54.91	87.80	96.5
Housing	0.04	0.18	2.33	8.55	11.36	48.02	41.7
Other Social Services	0.14	0.41	3.80	9.48	35.10	12.82	14.8
Economic Services	6.45	13.63	25.36	74.09	97.55	141.54	126.5
Debt Charges	2.68	4.64	13.76	30.49	69.83	132.19	189.8
Total	32.47	83.14	174.41	394.98	626.33	957.27	1058.3

Source: Central Bank of Barbados: Annual Statistical Digest, 1978, 1999

The provision for the general public services has accounted for approximately 18 per cent of current expenditure, while the provision for debt moved from 8 per cent in 1965/66 to 18 per cent in 1995/96. The national debt (that is, the direct borrowing of the Central Bank – treasury bills and notes, debentures, advances from banks and project loans) rose from Bds \$52.1m in 1967 to Bds \$2816.0m in 1998, that is, an average annual growth rate of 12.7 per cent. During the period 1967-1997, the Government depended on the domestic market for the financing of its debt. The domestic component of the national debt increased from 46 per cent in 1967 to 84 per

cent in 1977 [see Table 2.16]. Less reliance was placed on the domestic market during the 1978-88 period as the domestic component of the national debt fell from 76 per cent in 1978 to 50 per cent in 1988. Since 1989, the domestic component of the national debt has been on an upward trend.

Table 2.15
Central government capital expenditure by function 1965/66 – 1995/96
(Bds \$m)

Function	1965/66	1970/71	1975/76	1980/81	1985/86	1990/95	1995/96
General Services	-	2.40	10.43	17.55	37.55	37.72	42.13
Defense	-	-	0.09	12.04	4.92	2.96	0.27
Education	0.54	1.21	6.78	18.97	9.30	63.64	16.89
Health	1.01	0.61	3.21	25.03	10.77	24.81	7.80
Housing	-	4.05	6.78	13.68	20.80	18.18	18.40
Other Social Services	-	0.75	0.51	1.80	5.06	16.92	3.97
Economic Services	8.71	6.80	20.48	49.66	57.66	75.86	46.03
Total	10.26	15.82	48.30	138.82	146.06	240.07	135.48

Source: Central Bank of Barbados: Annual Statistical Digest, 1978, 1999

An important feature of the post-independence fiscal policy stance has been the use of the Central Bank (established in 1973) and the National Insurance Board to finance the fiscal deficit. Excessive borrowing from the Central Bank (i.e., monetary creation) in 1981-82 and 1989-91 was partly responsible for the deterioration in the international reserves of the country and thus the need to borrow from the International Monetary Fund (IMF) in 1982 and 1991. The high fiscal deficits during the 1985-1988 period were financed via excessive foreign borrowing which increased the Central Government's foreign component of the national debt and also its debt servicing ratio.

During the post-independence period, there have been shifts in tax policy. First, there was a marked switch from direct to indirect taxes during the 1984-87 period. Secondly, a number of special levies were imposed on individuals and companies – health, training, transport and employment during the 1982-93 period. Finally, tax reform was introduced in the 1990s with the streamlining of the **direct** (personal income) tax system and removal of several of the levies and the **indirect** tax system with the introduction of a VAT in 1997 and the removal of several indirect taxes.

Table 2.16
National debt for selected years
1967-1998 (Bds \$m)

Total	Domestic		Foreign		Total (\$m)
	(\$m)	(%)	(\$m)	(%)	
1967	23.9	(45.8)	28.2	(54.2)	52.1
1970	40.8	(57.4)	30.2	(42.6)	71.0
1973	77.8	(58.4)	55.4	(41.6)	133.2
1976	208.6	(80.6)	50.2	(19.4)	258.8
1979	314.3	(73.7)	112.1	(26.3)	426.4
1982	475.5	(62.4)	286.9	(37.6)	762.4
1985	651.7	(59.5)	444.1	(40.5)	1095.8
1988	821.8	(50.1)	817.0	(49.9)	1638.8
1991	1113.6	(57.1)	834.3	(42.9)	1947.9
1994	1777.8	(71.3)	714.3	(28.7)	2492.1
1997	2036.9	(74.4)	700.2	(25.6)	2737.1
1998	2141.4	(76.0)	674.6	(24.0)	2816.0

Source: Central Bank of Barbados: Annual Statistical Digest, 1999

2.5.3 Balance of payments

The maintenance of BOP equilibrium can be considered as the most important macroeconomic issue in a small developing country such as Barbados. Given the high degree of openness of the economy, small external shocks can have major repercussions on the economy. Barbados has always maintained a fixed exchange rate regime with its main trading partner (i.e., United Kingdom up to 1975 and United States since 1975). In effect, the nominal exchange rate has been used as a policy anchor.

An examination of the post-independence BOP performance indicates that Barbados has had a chronic or structural balance of visible trade deficit (that is, imports of goods have always exceeded the export of goods). Due to the growth of the services sector, namely, tourism, the balance on current account has been in a surplus position at three junctions of the development of the economy: 1984-86, 1988-89 and 1992-96. The cutback in the import of goods also contributed to the realization of a current account surplus during these three periods.

Since 1970, Barbados has experienced five periods of BOP problems, that is, significant BOP deficits: 1970, 1973, 1976, 1981 and 1989-91 [see Table 2.17]. The last period was the most severe and required major economic engineering. Barbados has had to seek balance of payment support from the IMF on three occasions: In 1977, it received a loan of Bds \$15.1m from the Compensatory Financing Facility (CFF) to cover an export shortfall. This loan had no conditionalities. In the 1982-83 programme with the IMF, both a CFF loan and a standby loan were sought. The total loan of Bds \$97.1m was accompanied by minor 'conditionalities' The 1992-93 programme was however "preceded by severe external disequilibrium requiring a faster pace of adjustment and involving a mix of macroeconomic and structural measures" [Haynes, 1997, p.86]. The CFF and Standby loans amounted to Bds \$102m and covered a 16 months period compared with the 20-month period of the 1982-84 loan.

Table 2.17
Balance of payments, 1965-97 (Bds \$m)

Year	Balance of Visible Trade	Current Account Balance	Capital Account Balance	Balance for Official Financing	Changes in Reserves
1965	-61.1	-25.1	10.6	5.1	-5.1
1967	-72.6	-30.0	10.5	10.5	-10.5
1969	-128.4	-58.8	24.4	-42.9	42.9
1971	-178.1	-69.3	36.4	11.0	-13.8
1973	-234.9	-102.4	43.0	-25.6	255.6
1975	-246.9	-83.8	56.7	31.2	-31.2
1977	-374.4	-101.2	55.4	-5.9	-29.3
1979	-450.1	-60.0	40.4	16.5	-15.9
1981	-674.2	-230.8	279.6	-79.7	45.8
1983	-505.4	-71.1	119.2	10.7	-40.0
1985	-417.6	119.3	42.8	85.3	-78.6
1987	-588.7	-32.6	205.5	15.3	30.7
1989	-832.9	56.4	-45.0	-83.9	97.0
1991	-832.3	-47.3	51.9	104.5	81.8
1993	-635.5	140.5	8.5	49.5	45.7
1995	-891.5	180.2	-62.0	73.7	-23.9
1997	-1197.2	-98.7	78.8	75.1	-43.7

Notes: (+) indicates a decrease in reserves; (-) denotes an increase in reserves. The data are calculated on a Central Bank basis and hence includes loans from the IMF.

Source: Central Bank of Barbados: Balance of Payments (various issues) and Annual Report (various issues).

There is a combination of forces, which has resulted in the BOP problems experienced by Barbados since the 1960s. There is a close association between the fiscal deficit, the financing of the deficit by the Central Bank and BOP disequilibrium. Between 1975/76 and 1976/77, the fiscal deficit moved from Bds \$21.6m to Bds \$61.6m. It further jumped to Bds \$83m in 1977/78. The BOP moved from a surplus of Bds \$31.2m on the balance for official financing in 1975 to a deficit of Bds \$36m in 1976.

During the 1980/81 to 1982/83 period, the fiscal deficit jumped from a deficit of Bds \$89.7m in 1980/81 to a level of Bds \$154.8m in 1981/82 and Bds \$120.3m in 1982/83. The BOP moved from a surplus of Bds \$38.7m on the balance for official financing in 1980 to a deficit of Bds \$79.7m in 1981. Between 1989/90 and 1990/91, the fiscal deficit increased from Bds \$66.4m to Bds \$248.2m, while the BOP moved from a surplus of Bds \$94.5m in 1988 to a deficit position over the 1989-91 period.

While data suggest a close correlation between the fiscal and BOP deficit positions, the intermediary factor between these deficits is the financing issue. Where the fiscal deficit is monetarised, that is, financed by the Central Bank (i.e., the printing of money or increasing the monetary base), the problem is exaggerated into a serious one. An examination of the financing of the fiscal deficit during periods of severe BOP problems indicates that the Central Bank

financing of the deficit has been the issue. For example, the periods 1981-82 and 1989-91 were periods when the fiscal deficit was financed by significant Central Bank borrowing. On other occasions, the fiscal deficit was financed by commercial and IMF borrowings.

The essential lesson from the Barbadian experience is that excessive borrowing from the Central Bank to finance a fiscal deficit (especially incurred around election time) can result in a significant BOP problem. Monetary policy should essentially be geared towards the maintenance of BOP equilibrium in the context of a fixed exchange rate regime.

In addition to monetary policy measures, the Government has used commercial policies to bring the balance of current account under some degree of control. Prior to the introduction of a Common External Tariff within CARICOM, the Government made use of tariffs to control imports [see Downes, 1982]. With the agreement among CARICOM member states to introduce a common external tariff, the degrees of freedom to use tariffs to control imports were reduced. The Government then used a mixture of import licensing and stamp duties to control imports. The movement towards greater trade liberalization and the creation of a single market and economy within CARICOM has resulted in the tariffication of all restrictions of imports and the reduction or removal of stamp duties. It is expected that tariffs will be reduced over time in accordance with the requirements of trade liberalization. This reduced ability to use commercial policy to control the trade aspect of the BOP means that a greater role has to be played by fiscal and monetary policies in order to avoid severe BOP disequilibrium.

The BOP position has also been affected by changes in economic activity in the international economy. For example, the oil shocks and subsequent recession in 1973 and 1979 resulted in a deterioration in the BOP position. The BOP economic crisis in 1991 was also partly due to the recession in the international economy. Long-term capital inflows have been an important element in maintaining BOP equilibrium in Barbados. There was a steady increase in net capital inflows between 1965 and 1981. The capital account balance, for example, moved from Bds \$10.6m in 1965 to Bds 4279.6m in 1981. Since 1981, capital inflows have been somewhat erratic with three periods of capital account deficits: 1989, 1992 and 1995. Except during those crisis periods associated with fiscal excesses financed by the Central Bank and external shocks to the economy (recession and oil price increases), the BOP of Barbados has been kept under some degree of control.

2.5.4 Structural adjustment policies

Probably the most testing period for economic management in Barbados was associated with the fiscal and BOP crisis of 1989-91 and the subsequent introduction of an IMF-assisted structural adjustment programme in 1992-93. This programme consisted of both short-run stabilization policies to curb aggregate demand and medium to long run structural reforms to boost aggregate supply. The 1989-91 period was characterized by:

- A significant increase in the overall fiscal deficit
- The financing of the fiscal deficit by excessive borrowing from the Central Bank
- A moderate increase in inflation
- A drop in the foreign reserves (especially in 1991)

- A fall in real output; and
- An increase in unemployment

The international economy (especially Canada, United Kingdom and United States) was also experiencing a decline in economic activity during the 1989-91 period [see Table 2.18].

Table 2.18
Macroeconomic indicators 1988-93

	INDICATOR	1988	1989	1990	1991	1992	1993
1	Real GDP (Bds \$)	877.50	909.00	880.90	844.30	791.90	803.90
2	Real GDP per capita (Bds \$)	3382.81	3492.12	3377.68	3216.38	3009.80	3046.23
3	Growth Rate of Real GDP (%)	3.47	3.59	-3.09	-4.15	-6.21	1.52
4	Unemployment Rate (%)	17.4	15.3	15.0	17.0	23.0	24.3
5	Inflation Rate (%)	4.7	6.3	3.0	6.3	6.1	1.1
6	Fiscal Current Account Balance* (Bds \$m)	101.5	135.9	-7.8	68.9	64.0	52.1
7	Overall Fiscal Balance (Bds \$m)	-123.5	-66.4	-248.2	-53.5	-52.0	-68.8
8	Central Bank Financing (Bds \$m)	- 29.6	25.7	169.6	39.5	-26.7	-24.4
9	BOP Current Account Balance (\$m)	-677.8	-832.9	-817.4	-832.3	-555.5	-653.5
10	Balance for Official Financing (\$m)	94.5	-83.9	-91.3	-104.5	36.5	49.5
11	Change in Reserves (+ dec; - incr ; \$m)	-71.9	97.0	97.2	81.8	-157.2	-45.7
12	Growth in Real GDP (%): USA	3.9	2.5	1.2	-0.9	2.7	2.3
	UK	5.0	2.2	0.4	-2.0	-0.5	2.1
	Canada	5.0	2.4	0.3	-1.9	0.9	2.5

Note: *The fiscal year goes from April 1 – March 31

Source: Central Bank: Annual Statistical Digest, 1999 and Balance of Payments, 1999

The severe economic situation facing the Barbadian economy forced the Government to seek BOP support from the IMF. This support for Bds \$102m was accompanied by a number of conditionalities. The Government adopted a macroeconomic policy framework which involved a tight monetary and fiscal policy stance using the nominal exchange rate parity with the United States dollar as a policy anchor.

The main economic policy and reform measures of the programme are outlined in the Government's Letter of Intent to the IMF (October 1991) and the Financial Statements and Budgetary Proposals (2 April 1991, 16 September 1992, 31 March 1992 and 15 March 1993). The stated objectives of the programme were to:

- Cure the shortage of foreign exchange
- Improve external competitiveness by removing the disincentive to export
- Encourage the efficient allocation and use of resources
- Restore financial stability
- Improve the conditions for the resumption of sustainable economic growth

The stabilization policies introduced during the 1991-93 period involved:

- The use of nominal exchange rate as a policy anchor
- The reduction in nominal government expenditure primarily through a cut in the wages and salaries of public sector employees by 8 per cent over the period September 1991 to April 1993, a reduction in the purchase of goods and services and a cutback in transfers and subsidies
- Increases in taxes and user charges and the removal of concessions, especially to the manufacturing sector
- The adoption of a tight monetary policy stance – increased interest rates, credit restrictions and a reduction in Central Bank lending to the Government
- The introduction of an incomes policy in 1993 which called for a freeze in basic wages and salaries for a period of two years in both the private and public sectors and
- Provision for the payment of productivity bonuses and profit-sharing schemes

The reform programme involved tax reform (the reduction of direct taxation and the introduction of a value added tax), trade and tariff reform (the reduction of common external tariff), financial reform (i.e., greater financial liberalization via the relaxation of exchange controls, financial deregulation), public sector administrative reform, a divestment/privatisation programme and the reform of the productive sectors (sugar, tourism and manufacturing).

Both the stabilization and reform programmes provided the basis for the resumption of economic growth in 1993 after three years of economic decline. Real GDP declined from Bds \$909m in 1989 to Bds \$791.9m in 1992, that is, an average annual rate of decline of 4.5 per cent. Real GDP rose from Bds \$803.9m in 1993 to Bds \$961.8m in 1998, that is, an average annual growth rate of 3.6 per cent.

An important aspect of the structural adjustment programme was the agreement among the Government of Barbados, the private sector representatives and the labour unions (that is, the Social Partners) to establish a *Protocol on the Implementation of a Prices and Incomes Policy in Barbados*. The **first** Protocol (April 1, 1993 to March 31, 1995) contained the following elements:

- A general **freeze** on increases in **basic** wages and salaries for a two-year period. Exemption from this agreement would apply only where wages were deemed to be substandard by the Social Partners. A freeze also applied to all other forms of employment income;
- Any increases in wages and salaries during the period would be based on profit sharing and productivity increases;
- A review and monitoring of pricing policies so that price increases would be limited to legitimate cost increases;
- The establishment of a tripartite National Productivity Board to support the objectives and agreements in the Protocol;

- The maintenance of the collective bargaining process to address issues such as the conditions of work and the sharing of productivity gains.

The Social partners agreed to extend the Protocol for another two years (April 1995 to March 1997). The main features of the **second** Protocol were:

- The linking of price increases to unavoidable or legitimate cost increases,
- Linking increases in wages and salaries to increases in productivity, profit and other measures of organizational performance,
- The greater use of employee share ownership schemes,
- The strengthening of the administrative machinery governing the operations of the Protocol,
- Provisions for job security (that is, alternatives to severance, consultation on lay-offs).

These two Protocols were integral to the economic recovery. The main objectives of these Protocols were to:

- Ensure the existing parity of the Barbadian dollar with the US dollar was maintained (i.e., the avoidance of a devaluation),
- Improve price competitiveness in the international market via the reduction in the real unit cost of labour,
- Increase employment opportunities,
- Promote a national commitment to improved productivity and increased efficiency in the country,
- Enable workers and employers to contribute more to national and organizational planning and policy making,
- Maintain a stable industrial relations climate.

The **third** Protocol (1998-2000) focuses on strengthening the Social Partnership and extends the objectives of the previous Protocols to incorporate a consolidation of the tripartite consultation process, reduction in social disparities and the restructuring of the economy. This Protocol provides for such matters as employment creation and conditions, training, crime, public sector reform, persons with disabilities and child labour. The commitments of the three partners to the Protocol are also spelt out in this third Protocol.

The establishment of these Protocols and a National Productivity Council since 1993 has been a very unique aspect of macroeconomic management in Barbados. The agreements have been significant in maintaining economic, social and political stability in the country. Barbados has been able to emerge from a serious balance of payments crisis without devaluation. The adoption of a prices and incomes policy has been important in enhancing productivity and competitiveness. A number of companies have implemented productivity gainsharing and profit-sharing schemes as a result of these Protocols (see Downes and Alleyne, 1998). There is however a need to promote the greater use of such performance-based payment schemes. The National Productivity Council has been at the forefront of promoting productivity improvement and measurement schemes since its establishment in August 1993.

The Protocols reflect three basic features of economic relations in Barbados: a voluntaristic approach to collective bargaining or industrial relations, a tripartite approach to macroeconomic policy making and a non-adversarial approach to industrial relations.

Labour unions and employers have historically used a voluntaristic approach to industrial relations. Since collective bargaining agreements are not legally binding, parties to a dispute usually refer it to the Labour Office for conciliation. In general, the incidence of industrial disputes has been low. Between 1991 and 1997, there were 57 work stoppages, primarily in the sugar and hotel industries. Industrial disputes referred to the Labour Office relate mainly to dismissals and suspensions, wages and conditions of work and to a lesser extent, recognition of union representation.

The Protocols have promoted a sense of cohesiveness in the relationship among the Government, private sector and the labour unions. Private sector agencies and the labour unions have formed coalition groups: the Private Sector Agency and the Congress of Trade Unions and Staff Associations (CTUSAB) in order to better articulate their concerns and suggestions to the Government. For example, the labour unions have sought to have the Government enact legislation on unfair dismissals, sexual harassment and trade union recognition. Regular meetings are held among the Social Partner so that concerns and suggestions can be readily acted upon. To a large extent, the approach to industrial relations has moved from an adversarial stance to a largely non-adversarial one. The adoption of a tripartite approach to economic and social policy making has contributed significantly to the development of economic progress and social harmony in Barbados. The major social concern facing the Social Partners at this time is the high incidence of criminal activity.

The Government has put international competitiveness high on its policy agenda with the creation of a Commission on Competitiveness chaired by the Prime Minister. Although the data are not definitive, there is evidence that Barbados has lost its competitive edge in the tourism sector and has held its own in the manufacturing sector [see Worrell *et al*, 1996].

In summary, the structural adjustment policies and programmes implemented by the Government in the early 1990s assisted with the recovery of the economy in the mid- to late 1990s. There is still a number of areas of economic weakness which need to be addressed, for example, the enhancement of the skills of the labour force, boosting productivity and hence enhancing international competitiveness in the manufacturing and tourism sectors, and reducing the economic vulnerability of the economy.

2.6 The impact of changes in the external economic environment

As a small developing country, Barbados has to be very mindful of changes taking place in the regional and international economic environments. Within the regional economy, the movement towards a Caribbean Single Market and Economy (CSME) by the end of the year 2000 will prove to be a challenge for local producers. On the international front, Barbados will have to face the impact of:

- The formation of the Free Trade Area of the Americas (FTAA) by the year 2000. The FTAA is an extension of the North American Free Trade agreement (NAFTA) which was established in 1995 and included the UNITED STATES, Canada and Mexico. The FTAA will embrace other Latin American and Caribbean countries;
- The post-Lome IV negotiated agreement and the formation of a new African, pacific and Caribbean (ACP) – European Union (EU) relationship. The Lome IV trade and aid pact between the ACP and the EU expires in February 2000.
- The provisions under the World Trade organization (WTO) which came into force in January 1995. The formation of the WTO brought to an end the Uruguay Round of Multilateral Trade Negotiations and heralded in the era of trade liberalization in the global economy.

These regional and international changes will result in a 'new global economy' with greater trade liberalization and movement of capital and commodities.

In 1989, the Heads of Government of CARICOM member states agreed to move the integration process from a common market (that is, free trade in goods among member states and the imposition of Common External Tariff on goods from outside the region) to the formation of a Caribbean Single Market and Economy (CSME). This new arrangement would allow for:

- (a) The free movement of commodities, capital and people (labour),
- (b) The removal of all tariff and non-tariff barriers to trade within the region,
- (c) The harmonization of fiscal, monetary and sectoral policies,
- (d) The development of the region's money and capital market with the ultimate establishment of a Caribbean single currency,
- (e) The right of Caribbean citizens to establish companies anywhere in the region,
- (f) The formulation of a common approach to economic relations with non-member countries.

The CSME would permit the more efficient use of regional resources and enhance competitiveness in the international arena. The CSME is based on a number of protocols:

Protocol I: Amendments to the voting arrangements, organs and institutions of the Community to support the CSME

Protocol II: Provisions for the free movement of capital, the provision of services and the rights of establishment for Caribbean investors

Protocol III: A policy framework for regional industrial development

Protocol IV: The framework for a regional external trade policy

Protocol V: Provisions for agricultural development

Protocol VI: The framework for the implementation of a new regional transportation policy

Protocol VII: Policies to protect specially disadvantaged countries, regions and industries

Protocol VIII: Mechanism for the settlement of regional economic disputes

Protocol IX: Rules to provide for fair competition within the region

The establishment of the CSME is therefore expected to result in a better use of resources (human and non-human) within member states, the promotion of the services sector (especially tourism), revitalization of the agricultural and manufacturing sectors and the strengthening of the region's capabilities to negotiate international economic agreements.

Barbados is fully committed to the establishment of a CSME and has taken the necessary actions to bring the Protocols into effect. Furthermore, Barbados has the administrative responsibility for matters relating to the formation of the CSME. It has agreed to remove existing import duties, requirements for licenses and discriminatory practices towards regional commodities. With effect from April 1, 2000, all licenses on imported products will be abolished to conform with regional and international agreements relating to free trade. The common external tariff (CET) has been gradually reduced to reach a level of 5 to 20 per cent effective January 1998. Free trade within the community has been encouraged and some degree of free movement of persons (UWI graduates, media workers and entertainers) has been implemented. Measures are being put in place to establish a regional accreditation and standards system.

The formation of the CSME is expected to form the basis of a strategy to confront the rapid changes taking place within the international environment. Barbados is the home of the Caribbean Regional Negotiating Machinery (CRNM) which has been established by the CARICOM states to present a unified Caribbean position with respect to negotiations associated with the next Lome Convention and the formation of the FTAA. Under the new rules of international trade administered by the WTO, there will be:

- The liberalization of trade in goods and services
- The dismantling of non-tariff barriers
- Reciprocal trading arrangements
- No special and differential treatment for a country (except in the case of a group of least developed countries)
- Non-discrimination with respect to domestic and foreign commodities

Under the Lome and FTAA arrangements, there is the drive for greater reciprocity in trade and the need to be WTO-compliant. These measures would make the international economic environment highly competitive and dynamic as changes in information and materials technologies reinforce the new trading arrangements.

Barbados has agreed to put the new international trading measures (e.g., dismantling of non-tariff barriers) in place by the year 2004. Caribbean countries have been seeking 'NAFTA parity' in their negotiations under the FTAA. Gaining such parity would ensure duty-free access for a number of exports from the region – textiles and clothing, petroleum and petroleum products. The US Congress has however rejected a bill proposed by President Clinton (the Export expansion and Reciprocal Trade Agreement Act 1997) which would have sought to provide a 'fast track' for trading agreements such as the FTAA, which require Congressional approval. This means that the FTAA negotiations would be more difficult and involved. Furthermore, the FTAA agreement must conform to WTO regulations for trade.

Since 1998, Barbados ceased to have access to World Bank concessionary funds. Coupled with the changes in the international trading arrangements and the formation of the CSME, it is expected that by the year 2005, the economic landscape and policy framework in Barbados would be changed. The Government has recognized these changes and has made the period 2000-2004 one of economic transition. A number of measures have been formulated and implemented to face the challenges of the new global economy.

A Commission on Competitiveness has been formed to oversee the removal of public sector obstacles to doing business, to attend to the diffusion of information technology in the economy and to oversee the implementation of the CSME. In the area of human resources development, a major thrust is taking place in the school system where information technology will be used as an integral part of the teaching and learning process (i.e., Edutech 2000).

An office of Public Sector Reform has been established to ensure that the response of public sector agencies to private sector requests is more rapid. The basic aim is to reduce the transactions cost (explicit and implicit) associated with doing business in Barbados. The Government has re-emphasized that it will maintain a fixed exchange rate regime, so that the drive for international competitiveness would involve seeking to reduce real unit costs through enhanced productivity and quality.

Fiscal policy has been directed towards the promotion of new and replacement investment. It is recognized that in order to make business competitive, policy measures are needed to allow businesses to retool, refurbish and recapitalize [Financial Statement and Budgetary Proposals, 1999]. Special incentives and supports for the agricultural, manufacturing and services sectors have been introduced – grants and rebates and price support to the agricultural sector, duty-free concession for small manufacturers, tariffication of non-tariff barriers, funds to support training and the information services sector, accelerated write-off of interest on loans associated with capital investment in the tourism sector, a special corporation tax for small businesses.

The Government has also proposed the establishment of a Fair Trading Commission to ensure that the consumer's interest is not breached in the new economic environment. Incentives for saving and investment have been put in place. Public companies (i.e., Barbados National Bank, Insurance Corporation of Barbados) have been restructured so that they can be privatised).

The Government has therefore taken a measured approach to the challenges presented by the changing regional and international economic environments. Its trade, fiscal and industrial policies have been geared towards a gradual opening up of the Barbadian economy while providing the institutional support and incentives structure to allow businesses to compete in the new global economy. It has taken an indicative or 'parametric' approach to economic planning and management with the expectation that the private sector will provide the impetus for growth and development, and the Social Partnership agreement has been broadened to accommodate these changes.

Section 3

Social analysis

3.1 The social policy and institutional framework

Social policy is best conceptualised as *systematic action directed at influencing societal conditions*. Effectively it refers to that broad spectrum of policies in relation to a range of social areas including social security, housing, health, education and personal social services for families and vulnerable groups such as children, the disabled, the elderly, the unemployed etc. This generalised conceptualisation avoids the misperception of social policy as an area of public policy dealing with social services provided by the state. The fact is that in spite of the predominance of the welfare state as a mode of organization for social policy during the post-war period, there are a number of contexts in which the state is a minimal provider of social policy programmes and where other agencies within the private, voluntary and informal sectors make considerable provision.

Within contemporary social policy circles it is now generally accepted that social policy may best be described as operating under a system of what has come to be referred to as “social welfare pluralism” in which the allocation of social services may take place through:

- The State
- The voluntary sector
- Private initiatives
- Informal agencies

Consistent with the principles of social democracy which has emerged as the undergirding philosophy of post-independence political economy in Barbados, social policy development has tended to most closely approximate a mix of social reformism and Fabian socialism in which state provision is the central, though by no means exclusive mode of social programme delivery. Accordingly, whereas much of the analysis presented here necessarily focuses on governmental provision, the role of private, voluntary and informal programmes and the degree of articulation with that of the state is also examined.

Central to the political ideology of social democracy is its dissatisfaction with what it identifies as the dysfunctional consequences of the free market system of resource distribution. From this perspective, the free market system is unjust since the distribution of resources, programmes and services are based on particularistic principles; it is not self-regulating and must therefore be regulated by government; it can never abolish poverty and inequality; and it is essentially undemocratic since it does not foster popular participation decision-making. The social philosophy of the social democratic political ideology is clearly expressed in the basic principles of equality, freedom, democracy and humanitarianism which are central to its approach to the delivery of social policy.

Equality

Within the philosophy of democratic socialism the fundamental principle of *equality* means more than *equality of opportunity* because this only offers the chance to compete; rather, it is felt that equality can only be achieved by overcoming a variety of factors which stand between equality of opportunity and *equality of outcomes*.

All of the leaders of Barbados in the post-independence period, across the political “divide”, from Barrow to Arthur have generally remained faithful to this philosophic principle. Barrow himself a founding member of the Democratic Labour Party indicated that one of the principal objectives of the party was to:

“Create and maintain a social and economic atmosphere conducive to the enjoyment of equal opportunities and the democratic way of life by all...a society where there is equal opportunity, not (merely) opportunity but truly equal opportunity for all to share in a rich and varied life and to develop the rich and varied life and solid talents of the human individual.” (Haniff, 1987).

The continuity of this principle is evident in the broad policy overview in the *BLP Manifesto, 1999* where the BLP leader Owen Arthur states on behalf of the party that its mandate was to:

Create a new prosperity in which all would share...to move Barbados from strength to greater strength, with deeper unity and ever increasing prosperity for everyone, with no one left behind.

The principle of equality which is concerned ultimately with equality of outcomes in turn implies a commitment to redistribution and meritocracy as critical approaches towards the realisation of distributive justice. It is this principle, therefore, expressed in philosophical terms by the political leadership and subjected to empirical analysis by the academic leadership such as Beckles¹ that fueled the national debate on “economic enfranchisement” and maintained a socio-political environment in which this principle consistently informed social policy formulation.

From the perspective of democratic socialism there is a commitment to the removal of social inequality since it is felt that this leads to social disintegration and social inefficiency through the differentiation of the society and the under-realisation of the potential of the underprivileged. Perhaps one of the best examples of the actualisation of this philosophical principle is in the new education policy with its theme: “*Each One Matters – Quality*”

¹ Professor Hilary Beckles, an economic historian at the University of the West Indies (Cave Hill Campus), led a national debate on socio-economic inequality in Barbadian society and has published a number of works examining the historical roots and contemporary manifestations of inequality in Barbados.

Education for All". The policy articulated in the *White Paper on Education Reform* seeks to take the universalism of educational provision a step further, towards equality of outcomes rather than of opportunities:

The challenge for Barbadian education is therefore one of quality rather than access...It demands the identification and resolution of those issues, problems and concerns which perpetuate inequities in the system. The aim is not to diminish in any way the provision of education in those schools that are of high quality. Instead, it is to direct attention to those areas of the system which have been neglected over the years, thus leading to an over-all increase in the quality of graduates from the nation's schools and educational institutions.

This approach has become an increasing feature of policy development in the post-independence period, as efforts have been made to push the principles of equality and universalism beyond their traditional interpretations.

Freedom

Freedom is an important principle and goal of social policy within democratic socialism. It is a necessary accompaniment of equality in that extremes of social inequality lead to inequalities of power which in turn leads to excessive control by some people over others. Freedom therefore becomes a concern in the sense of "freedom from". In addition, freedom in the sense of "freedom to" is critical if people are to achieve self-actualisation. Within this framework, the government has the responsibility to provide the social, economic and fiscal policy to promote freedom in both senses as articulated here.

These twin philosophical ideals of "freedom from" excessive social control and "freedom to" self actualise have underpinned much of the recent social policy, especially in respect of the personal social services. Alongside the economic thrust at the economic enfranchisement of the broad masses of the population has been a drive towards poverty eradication. This drive has been couched not in the traditional social policy terms of expanding social welfare provisions but rather in removing the persistent elements of stigma and dependency from personal social service delivery.

Particularly during the last decade, therefore, there has been the establishment of an unprecedented number of Task Forces and Commissions to examine and report on the circumstances of vulnerable social groups with a view to their fuller participation in the socio-economic mainstream. Such social enquiries have been conducted on youth, the disabled, the elderly and the homeless and in most cases have led to the formulation of national policies to respond to the social circumstances identified.

The *Roett & Joseph Report* on the Rationalisation of the Personal Social Services of Barbados and the subsequent creation of the Ministry of Social Transformation represents a culmination (to date) of that drive. This new Ministry therefore speaks about an intention to "transform the Barbadian society to give meaning to the right of every citizen to a decent quality

of life...not [to] offer charity when what the poor members of our society need is a chance to improve their economic and social wellbeing". (*BLP Manifesto*, 1999).

Democracy

The principle of democracy meaning participation in its widest sense is obviously a fundamental principle of democratic socialism. As a precondition for the realisation of the social revolution it is felt that full democratic participation must exist in political, economic and social life. The case for such democratic participation has been made on the grounds that it develops commitment and legitimacy among those who participate and that social groups can help shape social and economic policy thus avoiding some of the negative consequences of non-participation.

An examination of social policy formulation in Barbados during the pre-independence period shows only modest attempts at participatory social planning in the major social enquiries such as those conducted by Moyne (1945), Stockman (1962), and Richardson (1954). While it is true that broader popular participation would have been restricted by the limited knowledge, experience and organization of the masses of the population in this period, it is also true that there was little real commitment at this stage of social policy thinking to participatory planning.

The last two decades in particular have certainly witnessed a shift towards a more participatory approach to social policy development with a deliberate attempt to broaden the scope of social enquiry to relevant social groups and organizations as well as to the general population. Public consultations, town hall meetings, the invitation of written memoranda and public debate through the media have all become regular features of the socio-political landscape of Barbados during this period. It is a process which the Prime Minister himself has endorsed as a pivotal element in the effort to build a mature democracy in Barbados:

Our democracy will never be meaningful if citizens are expected to cast their votes and then withdraw from the process until the next five years because there is no system to capture their ongoing participation in decisions that affect how they live...Barbados' future rests on the fullest participatory democracy that we can engender among all sectors of this society...without this economic and social progress will not be lasting. (*BLP Manifesto*, 1999).

3.1.1 *The institutional framework*

As a central value in the ideology of democratic socialism, humanitarianism is based on the assumption that each individual has potential and should therefore be given the opportunity to develop this potential. From this perspective the government is seen as having a major role in instituting social policy and ensuring the realisation of the basic philosophical principles on which the ideology rests. The development of social policy in post-independence Barbados has clearly been taking place against the background of the ever-expanding role of the government in the delivery of social programmes.

This is not to say that the role of the government in the pre-independence period was in any way minimal. In fact the discussion on social policy formation in the various sectors which follows clearly shows that Barbados entered independence with a relatively well-developed social services infrastructure that was for the most part publicly administered. The transition to a ministerial system of government had taken place more than a decade earlier with no significant problems. Similarly, the abolition of the vestry system followed by the final dismantling of local government in 1969, took place with no real dislocation in the range of personal social services which were now being centrally administered for the first time in three centuries.

With respect to the delivery of social programmes in the areas of education, health, housing, employment and personal social services there was already a relatively strong institutional framework in place. The school plant was extensive, already guaranteeing essentially universal access to education up to the secondary level as well a substantial access to tertiary education up to university level. A new general hospital had just been opened and a number of strategically located health clinics offered primary health care within relatively easy access of the entire population. With respect to housing, the Housing Board had been established more than a decade earlier and the Barbados Development Board, the Board of Tourism and Technical Training Institute were also put in place to manage industrial development and training in relation to employment policy.

It was within this relatively sound institutional context that the expanded role of the state in the delivery of social welfare policy, based on the principles of democratic socialism, took place. In the international community, social welfare policy had come increasingly to be seen as a *citizenship right* as well as one of the imperatives of social, political and economic development and the impact on Barbadian society was a consistent movement, particularly in the post-independence period from *residual* to *institutional* conceptions of social welfare. The institutional concept which sees social welfare as a necessary and ongoing function of a complex society led increasingly to universalist principles of social service allocation which in turn required adjustments in the institutional framework for programme delivery to manage the process.

One of the obvious consequences of this approach in the post-independence period was a programme of institutional strengthening and consolidation of disparate but related agencies. These were further centralised for the more effective delivery of social programmes. As *Box 3.1* indicates, this programme covered a number of the social policy areas under consideration here. The most recent, and in many ways most significant, example of this has been the creation of the Ministry of Social Transformation based on one of the principal recommendations of the *Roett & Joseph Report (1998)* on the Rationalisation Study of the Personal Social Services of Barbados. The stated objectives of this new Ministry of improved access, increased efficiency and effectiveness of service delivery are consistent with the general objectives of universalism which have informed the institutional developments of the post-independence period.

It is a well-established fact within the field of social policy that many social programmes fail to maximise their impact because of structural and institutional deficiencies, particularly at the point of delivery. It is therefore significant that the structural enhancement of the institutions for social programme delivery in the post-independence period was complemented by a

corresponding enhancement of the human resource capacity of those institutions. Barbados' consistent and substantial investment in its human resource development through education and training ensured that its public sector institutions were staffed with qualified and trained personnel in both the administrative and technical streams.

Box 3.1
The consolidation of institutions for social programme delivery (selective)

Consolidated Institution	Year Established	Consolidation/Function
Industrial Development Corporation	1969	Management and administration of programme of industrial development.
National Housing Corporation	1973	Replaced Housing Authority and Urban Development Corporation. Responsible for Government's housing programme
Barbados Vocational Training Board (National Training Board)	1981	The management and delivery of skills training programmes; apprenticeship programming
National Insurance Department	1982*	The management and administration of non-contributory as well as contributory old age pensions.
National Assistance Board	1982	The management and delivery of services for the elderly.
National Employment Bureau	1983	The recruitment, registration, counseling and placement of unemployed persons.
Youth Affairs Department	1995	The management and delivery of services for young people.
Ministry of Social Transformation	1998	The rationalisation of social service agencies: National Assistance Board, Child Care Board, Community Development Division, Bureau of Women's Affairs, National Disability Unit.

*The National Insurance Department itself was established with the National Insurance and Social Security Act, 1966.

This in no small measure contributed to a certain degree of effectiveness and efficiency in social service delivery in respect of the programmatic ideals envisaged at the programme formulation stage of policy development.

The agencies involved in the delivery of social programmes were ensured a pool of trained nurses, teachers, social workers, technicians, builders, researchers and administrative

personnel among others to service their requirements. In fact, the efficacy of these training institutions is evident in the fact that successive waves of Barbadian nurses, teachers, policemen and other service and technical personnel have been recruited since the 1950s to service the human resource needs of the United Kingdom, United States, Canada and the wider Caribbean.

Quite apart from the *availability* of qualified and trained staff, it is also important in the context of social programme delivery that this training took place within local institutions. Clearly within the field of social policy planning and implementation, the socio-cultural context of policy formulation and delivery assume a greater degree of significance than with physical planning for example. A genuine understanding and appreciation of the social and cultural milieu of social programming is often as important to the realisation of social policy objectives as technical knowledge. It is therefore of considerable importance in the context of this issue that the social policy agencies and institutions came increasingly in the post-independence period to be staffed by qualified and locally trained personnel who brought with them the critical social, cultural and technical requirements for advancing the delivery of social programmes.

There is also an important political dimension to the process of policy formulation and the nature of representative politics and political institutions in Barbados has facilitated a high level of continuity in general policy orientation even with changes in the governing party. Barbados has certainly not witnessed the degree of political factionalism which, buttressed by racial affiliation and violence elsewhere in the region, has at times derailed policy formulation or implementation. Apart from the issue of generalized philosophical consistency across political parties, the major political parties have also tended to transcend electoral politics in their functioning. The role of Barbadian political parties in public education and generating a level of consciousness outside of electioneering has been substantial and consistent through a range of public discussions, meetings, and presentations in the print and electronic media. The level of political awareness and sophistication of the average Barbadian discussed elsewhere in this report is therefore a direct consequence of that role.

Since independence Barbados has maintained an impressive international profile and presence that is in many ways disproportionate to its physical size. Whether within CARICOM, the OAS or the United Nations, this profile and presence has resulted in Barbados' membership in, or serving on, a number of international Commissions and other bodies relevant to the areas of social policy under consideration here. In addition, Barbados is signatory to, and has ratified an expansive range of international conventions which seek to improve and advance the human condition. This too has been an important feature of the post-independence policy and institutional framework of Barbados. Faithfulness to the articles and spirit of these conventions has meant that Barbados has constantly been reminded of its obligation to improve and extend its standards in an environment buttressed by technocratic, popular and political pressure.

This, then, has been the social, political and institutional context of post-independence Barbadian society. A context in which philosophical ideals found a naturally supporting institutional and ecological framework within which to effect the process of policy formulation and implementation.

3.2 Social policy developments

3.2.1 Health policy

Current health status

Since achieving independence in 1966, the health status of the Barbadian people has markedly improved. The burden of infectious and parasitic diseases and of many preventable communicable diseases has been greatly reduced through Government health programmes and the universal right to basic health services has been established. The epidemiological profile and health indicators of Barbados are consistent with those of developed countries, and is not typical of a developing country. Health indicators in *Table 1* illustrate the kind of levels of success in health commonly associated with developed countries.

Table 3.1
Selected health indicators for Barbados, 1966 & 1998

INDICATOR	1966	1998
Life Expectancy	69.9	72.9(m)/77.4 (f)
Infant Mortality Rate (per 1,000 Births)	47.7	14.0
Child Death Rate (1-4) (per 1,000)	2.4	0.43*
Birth Rate	25.9	13.6
Crude Death Rate	8.2	9.3

N.B. *1996 data

Source: Annual Report of the Chief Medical Officer

Historical perspective

Even in the early years of colonization in the West Indies, Barbados had been recognized by the colonial powers as one of the most healthy of the West Indian colonies, because of its natural advantages. The island was so well known as a health resort, that it attracted the likes of George Washington (later to become the first President of the United States) who had come to the island in 1751 to restore his brother's health. At that time, unlike most of the other West Indian territories, the island had little tropical bush, but well cultivated sugar cane fields and a geological formation of mostly coral limestone deterred the settlement of water. To this day, the island's flat terrain affords a universal accessibility which is not as evident in many neighbouring islands.

The socio-cultural circumstances at the turn of the twentieth century were quite outstanding for such a small country. The Barbados Telephone Service started in 1884, Bridgetown (the capital of the country) got its first public water supply in 1857, and by 1910 underground cables to electricity were being laid on Broad Street. Barbados also enjoyed a high standard of education in comparison with its Caribbean neighbours. Free elementary education was granted in 1928.

The provision and adequacy of health services has always been very critical to human development in Barbados. In the first half of the twentieth century, poverty and pollution began to overcome the island's natural advantages, and, with the exception of education, much of the infra-structural development did not reach the rural areas. The country employed a number of public health measures to reduce its health problems. A new spirit of voluntarism from among social crusaders gave rise to a number of public health programmes and services which were later adopted by Government. By the late 1950's the establishment of a number of child health programmes, spearheaded by volunteer health personnel had made an invaluable contribution to the reduction of the infant mortality rate.

The health status of Barbadians depended to a large extent on controlling the growth of the population. The Barbados Family Planning Association which was started in 1953 has received world-wide recognition for its efforts in controlling population growth and enabling Barbadians to enjoy a better quality of life.

The development of health centres in the 1950s had an indelible impact on the health status of Barbadians. Their services included the control of communicable diseases, maternal and child health, nutrition, dental health, ophthalmic and domiciliary services, immunization, and the treatment of venereal disease and tuberculosis. The protection of water supplies, sewerage and solid waste disposal and the protection of food for sale were all integral components of the health centre's services. The 1939 Moyne Commission had identified better housing and sanitation as principal elements in a preventive health care programme. Between 1949 and 1950, Government started housing schemes in St. Michael, Christ Church and St. Lucy. In the 1950s the island was assisted by the WHO through an Environmental Sanitation Project which oversaw the construction of fly-proof pit latrines for Barbadians who could not afford the cost of installing proper sewage disposal systems. Barbados' victory over the burden of disease which characterized the first half of the twentieth century was sealed when it successfully integrated its public health services by abolishing the Vestry System of Government in 1958 and introducing the Cabinet System and ultimately internal self-government.

An era of development planning

Up to the time of its independence in 1966, Barbados' progress in health had been predicated on its own "natural advantages" and Government's response to the social needs of its citizens. In retrospect, its success in health was not only as a result of Government's avant-garde response to societal needs and well-executed health care programmes, but rather was harnessed by an overall "design of social and economic engineering in the context of the goals of the

society”². There is a widely held view that Barbados out-distanced her Caribbean counterparts in health, because it had a better literacy rate (which facilitated health education and promotion) and was governed under more stable economic conditions.

The 1960s was dominated by the institution of a number of social development programmes which are documented under sectoral heads, many of which had a positive impact on the delivery of health services. In terms of health, the Queen Elizabeth Hospital and St. Joseph Hospital were opened in 1964 and 1965, respectively; district health services were re-organized and district hospitals established; training facilities for nurses were expanded; and the Health Services Act was proclaimed in 1969 making provision for the control and regulation in a comprehensive range of health matters. So that even at the dawn of independence, Barbados was very adequately fulfilling its social and developmental obligations to its people in respect of health care.

In the early 1970s during the world energy crisis there were changes on the capitalist economy worldwide and Barbados was faced with a decline in its sugar sector (since the mid-1970s) and sluggish growth in domestic export. However, this decline in sugar exports was an eye-opener. Government realised that the economy had been dominated by a single economic activity and that “... centuries of specialization in sugar inhibited the entrepreneurial class from branching out into new lines of economic activity, while labour lacked the skills and training required of a work force in a modern economy”³. Consequently, in 1973 in its second development plan since achieving independence in 1966, Government embarked on a development strategy for socio-economic change which would be guided by institutional reform. The basic machinery for this reform was to be characterized by improved systems, integration of services and unencumbered decision-making processes.

The largest allocation of that Development Plan was to be spent on social programmes with education and health consuming the largest portions. The relevance to the current situation is that Government continues to maintain almost the same expenditure on health. In the financial year 1998-99 funds allocated to health services were a very substantial proportion of GDP at 10.9 per cent and was approximately 15 per cent of the total Government expenditure.⁴

What is clear throughout this period is that successive Barbadian governments have always recognized and respected the relationship between human welfare and development and this has led to the consistent and substantial allocation of resources to sectors such as health. Even in periods of relative economic adversity such as the global economic crisis of the early 1970s and into the structural adjustment period of the 1980s Barbados has always tried to protect its health sector’s share of total government allocations (*Annex 1*). Another important feature of the period has been the fact that Barbados sought to strengthen the essential functions of central

² Barrow Errol, Foreword of the Barbados Development Plan 1973-77

³ Barbados Development Plan 1973-77

⁴ Barbados Economic Report, 1998

authority in the health sector, which is one of the underpinnings of the reform process, long before state reform had a globally recognizable face.

The health sector reform experience in Barbados

In the pre-emancipation era, health was viewed only in terms of the physical well-being, that is the absence of disease. Today health is considered an individual right and takes into consideration the social, physical, economic and spiritual well-being of the individual, that is, it takes a holistic approach to health planning.

The principle of reform has always been founded on Government's responsibility for the health and well-being of its citizens. From one century to another, the prevailing economic, social and political factors of an era have determined the approaches and initiatives used to fulfill that responsibility. Today, with the reduction in financial and other resources in the face of the obligation to their citizens, Caribbean countries seek out innovative solutions to effect the delivery of quality health services.

Health sector reform has been institutionally defined as "... a process directed at introducing substantial changes into the various functions of the sector, with the purpose of increasing equity in the provision of health services, efficacy in its management and efficiency in the satisfaction of the health needs of the population".⁵ Barbados used these criteria twenty years ago when it undertook a system assessment of the role, function and future initiatives of its health care system. A study supported and financed by the Inter American Development Bank was executed by Peat, Marwick, Mitchell Co. in 1977. One of the main recommendations of the study was the development of a totally integrated and coordinated community-based health care system. It is not surprising then, that it only took one year after the WHO Alma Ata Declaration (1978) for Barbados to adopt the Primary Health Care (PHC) approach and establish the polyclinic system. The broad policy goals⁶ of the Alma Ata Declaration included:

- Equity in health care provision
- Resources channelled to more effective use for preventive and promotive services
- Community participation in health care
- Inter sectoral linkages based on the effect of health on other sectors.

These policy goals had basically already been prescribed by the Peat, Marwick Mitchell Study. Barbados used these basic criteria to shape its health sector reform efforts after adopting the PHC approach.

From emancipation, through independence, to the 1990s, the reform process continued to evolve in the Caribbean as governments responded to the needs of their societies. Primary Health Care and the establishment of the polyclinic system in 1979 helped to give shape to policy formulation in Barbados. Through its network of stations (8 polyclinics and 4 satellite

⁵Cooperation of the Pan American Health Organization in the Health Sector Reform Process. March 1997.

⁶Health in the Commonwealth - Challenges and Solutions 1998/99 Produced by Kensington Publication for Commonwealth Secretariat

stations) the polyclinic service became a wide-reaching system that has provided care for those unable to access the private sector. This decentralization of primary health care services through the polyclinic system, together with the establishment of the National Drug Service a year later, effectively revolutionized the health care delivery in Barbados to a point almost approaching the National Health Service programmes of developed countries. The polyclinics provided the full spectrum of primary care including preventive and public education programmes and effectively meant that access ceased to be a major problem in health care delivery in the island. There is little doubt, for example, that the heavy utilization of the ante-natal and post-natal services at the polyclinics was a major factor in the improvement and maintenance of maternal and perinatal health in Barbados.

The wider the consumer net, the more policy and legislation were girded by attempts to strengthen programmes and make effective interventions. Some of the other main features of policy initiatives and programme strengthening in the post independence era are:

- (a) Four years after the first person was diagnosed with AIDS in 1984, a National AIDS Programme was established to implement projects which would serve to reduce the transmission of HIV and give support to persons infected with or affected by HIV. Eight years later, a policy decision was made for the administration of AZT to HIV positive pregnant women to resist the perinatal transmission of the disease; and an AIDS Hostel was set up to give care and support in a home-based setting to the homeless infected with HIV.
- (b) State response to changing environmental circumstances has engendered the evolution of Barbados' Vector Control Programme. With specific reference to dengue fever which is fast becoming endemic to the region, the response of the Barbados Health Service has covered intensive public education, targeting specific interest groups and exacting more stringency in terms of prosecution of offenders found encouraging the breeding of mosquitoes. An Action Plan for the management of dengue fever has been formalized and an annual national debushing programme was also instituted.
- (c) Another response to environmental challenges has been the development of an Integrated Solid Waste Management Programme. The programme is a "continuation of strategies focusing on waste reduction and resource recovery and includes the proper storage, handling, collection and disposal of solid waste in a manner that causes the least possible negative economic, social and environmental impact on the community."⁷ The logistics of this programme are still being formulated.
- (d) Secondary and tertiary care programmes have also been strengthened. Between 1982 and 1996, the Queen Elizabeth Hospital benefited from several small studies which sought to improve certain departmental operations in the laundry, kitchen and the Accident and Emergency Department. The largest QEH study was

⁷ Ministry of Health, Policy Paper on Solid Waste Management

commissioned in 1990 and focused on institutional strengthening of the hospital. It was a comprehensive study which proffered recommendations ranging from financial and supplies management to information design and plant maintenance/engineering. It is important to note that many of these studies and consultancies suffered from low levels of implementation.

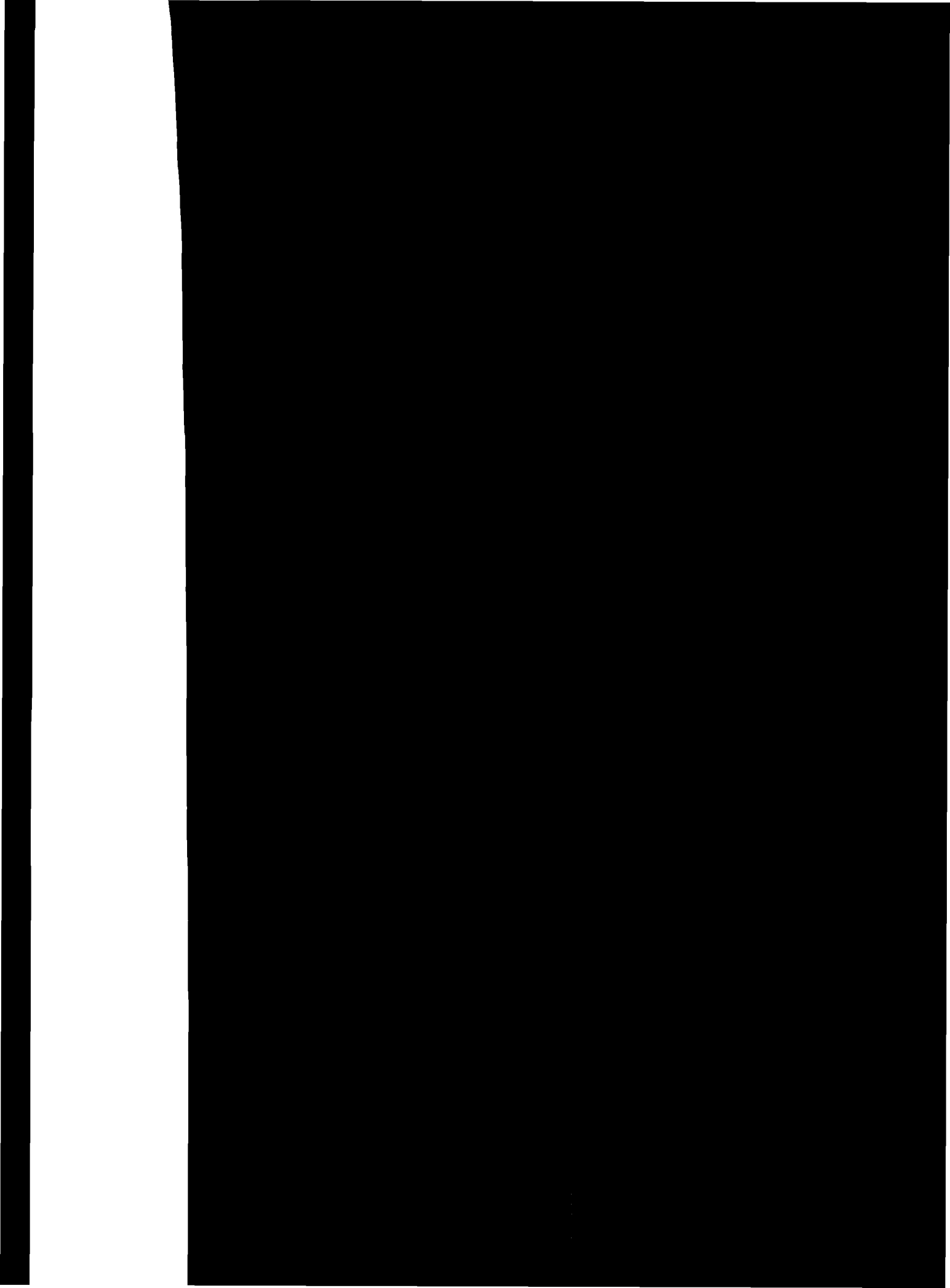
- (e) The adoption of a more flexible domiciliary elderly health care programme based on community rehabilitation as a means of cutting hospitalization costs. This involves collaboration with operators of registered private Nursing Homes and other homes for the elderly to provide these domiciliary services using a cost-sharing mechanism.
- (f) The establishment of the Barbados Drug Service in 1980 which essentially provided formulary drugs free of cost to persons aged 65 and over; children under 16; and persons requiring drugs for the treatment of cancer, diabetes or hypertension.

These developments are consistent with the approach social policy development that has characterized the other sectors in Barbados where institutional mechanisms have developed within the overall policy framework to respond to specific challenges as they emerge. Critical to the success of this approach has been a consistent overarching philosophy of social development which has facilitated the adjustment or incorporation of new structural features of health care programming without compromising the integrity of health care policy and programme delivery.

In respect of the Barbados Drug Service, PAHO/WHO noted that the public sector predominates in drug supply in only a few Caribbean countries and that Barbados is notable in that its Drug Service "has been exceptionally efficient in drug management, and its programme has been lauded for quality throughout the region" [PAHO/WHO, 1996]. By controlling the importation and distribution of essential drugs the Drug Service has reached the point where less than 10 per cent of Barbados' health budget is spent on drug procurement, keeping inventory and monitoring pharmacies. In fact, for the period 1998/99 drugs and related items represented 7.9 per cent of current health expenditure for fiscal year 1997/98 as compared with WHO and World Bank data which indicate that developing countries spent 40 per cent of their health expenditure on procuring drugs for the public sector [Barbados Economic and Social Report, 1998].

Since the Peat, Marwick, Mitchell Study, Government reassessed its framework of policies and programmes, and found the need to rationalize its health care system. In the last decade, three attempts were made at this substantial reform process with limited success.⁸ The process underwent a metamorphosis and Government had sufficient foresight to recognize that a systemic approach to assessing its entire health care system would mean more than improving specific programme areas such as Geriatric and Mental Health Services. The last Commission reflected this understanding and the study was then supposed to respond to the anomalies in the health services and the rising cost of health care. Specifically, it was to "promote improvement in health care quality, efficiency in delivery and containment of cost, equity or fairness in access

⁸ Each of the contracts was determined by the Appraisal Stage of the Project.



and public/private collaboration”.⁹ The rationalization was to take place within the framework of policies and programmes and the activities were to be focused on areas of:

- (a) Chronic Care, Rehabilitation and Health Promotion
- (b) Primary, Secondary and Tertiary Care
- (c) Sector Analysis and Efficiency.

However, the consulting team did not address fundamental issues relating to health financing, the management of information systems and the Ministry’s interface with emerging new and expensive technologies.

The way forward - Reform strategy

Even though Barbados has achieved great success in health, changing needs and escalating costs require pervasive and innovative intervention. Barbadians are living longer, suffering from an increasing incidence of chronic and degenerative diseases and are consequently making increasing demands on the health-care system.

In the past, fundamental changes in the health system were not based on a programmatic framework, but were delivered in the spirit of reform. However, to date Barbados, like her Eastern Caribbean counterparts, still does not have a comprehensive institutional framework by which to address health sector reform strategies.

The Barbados Ministry of Health has taken the initiative to plan a reform strategy. This strategy has been based on demographic and epidemiological changes currently dominating the health sector and the role of the state in health policy direction.

- There has been a marked increase in the incidence of chronic non-communicable diseases from the age of 45 onwards, and they continue to be the main disorders affecting the elderly whose population is increasing.
- Morbidity from violence and injuries account for a significant proportion of hospital admissions and there has been a steady demand of rehabilitative and physiotherapy services that outstrips the ability of the public sector to satisfy.
- The HIV/AIDS prevalence rate for Barbados is amongst the highest in the Caribbean. The most recently available data from the Caribbean Epidemiological Centre (CAREC) show an AIDS incidence rate (per 100,000) for Barbados in 1998 of 63.4, second only to the Bahamas (86.8) and substantially above the rest of the Caribbean.

⁹ Health Sector Rationalization Study, Phase 1 Technical Support. 1996

- Barbados continues to devote a comparatively high proportion of its GDP towards health and health services (now almost 11 per cent) and this proportion has risen markedly in the last five years. In the next fifteen years, the demand for currently available medical and health services is likely to increase faster than the ability of Government and the economy to finance it.

The Ministry's reform initiative has therefore been designed in response to address specific problems of:

- The disease mix changing from acute and cheap to chronic and costly;
- The demand for services growing faster than Government's allocated budget;
- The planning and administrative needs of a large and complex health system outstripping the capacity of Government as it is currently structured.

The Ministry has planned a three-phased approach to restructuring and re-engineering the health system. Phase I will require the Ministry to make a number of major policy and systems decisions to re-orient the health system and the Ministry of Health. Phase II will focus on changes in the Ministry's organizational structure and management processes. Phase III will focus on implementing appropriate changes to the health system's structure and operations. Strategic planning, decentralization and sectoral linkages are some of the underpinnings of this reform plan.

Although the implementation process is yet to get underway, Barbados is well-positioned to make great strides in advancing its health reform strategy. In May 1999, since its inaugural meeting in the previous year, the Ministries of Health of the OECS Member Countries (OECSMC) hosted a forum on health sector reform implementation strategies.

The meeting discussed joint programme initiatives and agreed on the major components of a collaborative programme that would guide the respective agencies in pursuing the Health Reform Programme for the region for the next five years¹⁰. Major components of the framework include:

- Strengthening the steering role of Ministries of Health;
- Re-orienting health systems to emphasize health promotion and the priority health issues identified in the Caribbean Cooperation for Health (CCH -II).¹¹
- Developing/strengthening and implementing quality improvement and assurance programmes.
- Developing sustainable financial bases; and
- Defining and implementing a minimum package of health services.

¹⁰ PAHO Documentation on Meeting of OECS and Collaborating Agencies, October 8, 1999.

¹¹ The regional health priority areas of CCH-Phase II are: Health Systems Development, Human Resource Development, Family Health, Food and Nutrition, Chronic Non-communicable Diseases, Mental Health and Environmental Health. See PAHO Publication – Caribbean Cooperation in Health: Phase II – A New Vision for Caribbean Health. PAHO 1999.

As a designated member of the working group established to carry the process forward, Barbados will be able to effectively use its past experiences and its current view of the way forward for reform strategies on health to help to shape and determine consensus for health sector reform for the region.

3.2.2 *Policy for the disabled*

Although the rights of persons with disabilities have been the subject of discussion in the United Nations and other international forums for some considerable time the evolution of specific policy initiatives in respect of this group has been much more recent in Barbados. Even at this stage, the extent of disability in the general population is not known although some progress has been made through the Barbados Population and Housing Census of 1990 which indicated that there were 10,323 persons with disabilities. This figure represents approximately 4 per cent of the island's population, far below the World Health Organization's estimate that 10 per cent of any given population will have a disability. However, as has been acknowledged internationally, differences in measurement criteria make comparative analysis in relation to disability statistics very difficult. The local census did not, for example, include persons with conditions associated with mental illness and it is felt that there is a much larger community of persons with disabilities than has been identified so far.

According to the Report of the Task Force on National Disability Policy (1997), the emphasis in the pre-1970s period was on the provision of basic education for specific categories of children with disabilities. In 1974 the government established a National Advisory Council to plan and coordinate programmes in voluntary welfare work and for the rehabilitation of persons with disabilities. However the first significant policy initiative only came in 1980 with the establishment of a National Committee for the International Year of Disabled Persons. This Committee was set up to formulate a programme for the observance of the year and to make recommendations for the development and promotion of rehabilitation programmes such as care, training and employment to help persons with disabilities reach their full potential.

Following the marking of 1981 as International Year of the Disabled, the U.N General Assembly in 1982 adopted the *World Programme of Action concerning Disabled Persons* in its *Resolution 37/52* and declared the period 1983 to 1992 as the U.N Decade of Disabled Persons. This resolution called on member States to establish national committees or similar bodies in order to attain the objectives spelt out in the *World Programme of Action*. In that same year, 1982, a National Planning Workshop on the *Needs of the Handicapped Child in Barbados* was sponsored by the National Children's Home, the Pan-American Health Organization (PAHO) and the Ministry of Health. One of the major outcomes of that workshop was a recommendation for the establishment of a national coordinating body involving all the ministries and private agencies providing services to persons with disabilities with representation from the disabled community.

By the time Barbados entered the 1990s there was much broader recognition of the disabled as an important vulnerable group for social programme intervention. The party that eventually formed the government had promised in its 1994 manifesto that "rehabilitation of disabled persons will be a national effort designed to facilitate the utilisation of their natural

abilities and their participation in the world of work.” Consistent with that promise the government established a Multi-Disciplinary Task Force on Disability in January 1996. This Task Force was mandated to formulate a National Policy on Disability in accordance with the *U.N Standard Rules of Equalisation of Opportunities for Persons with Disabilities*.

The main terms of reference of the Task Force were:

- (a) Formulate a national disability policy;
- (b) To recommend legislation to be reviewed and/or enacted and to identify projects to implement the World Programme of Action
- (c) To examine implications of the ratification of *Convention No. 159* and make recommendations for incorporation of its provisions into national legislation.

The Task Force submitted its report in February 1997 and in December of that year a Unit for Persons with Disabilities was established. Among the first responsibilities of the Unit was to prepare a Draft Policy on Persons with Disabilities which has since been completed and was recently submitted to the newly created Ministry of Social Transformation for consideration.

The major concerns and problems identified by the Task Force were entirely consistent with those which had been expressed at the National Planning Workshop held a decade and a half earlier. The report of the Task Force suggested that not much had changed in respect of the social condition of the disabled, namely:

- Inadequate assessment and rehabilitation facilities for persons with disabilities;
- Perceived discriminatory practices and deficiencies in the educational, vocational, rehabilitation and employment subsectors of the society;
- Gross lack of accessibility to public buildings, public transport systems, the built environment – viz curbs, pavements, ramps;
- The inability of persons with disabilities: to access information through the media and other systems, on housing, and sporting and recreational facilities;
- The inadequate and disparate levels of income support made available to persons with disabilities through social security and social welfare provisions;
- The paucity of information on persons with disabilities and the general lack of societal awareness of and sensitivity to the situation of such persons; and
- The virtual ignoring of the concepts of integration, normalisation, mainstreaming and independent living in the policies and programmes that affect persons with disabilities.

The Report of the Task Force also made it clear that in order to ensure that the legitimate needs of persons with disabilities are addressed, a national policy must be concerned *inter alia* with:

- The continuing socio-economic marginalisation of persons with disabilities
- The absence of a national plan of action managing the disability situation
- The lack of adequate education, training and employment opportunities

- The absence of a Disability Act that enshrines the rights of persons with disabilities
- The lack of public sensitivity, data and research on disability and rehabilitation issues

The Draft Policy prepared by the Task Force has identified as its policy objectives the creation of supportive environments favourable to integration and participation; equality of opportunity toward the maximisation of potential and the elimination of marginalisation and discrimination; empowering persons with disabilities to participate in socio-economic development; the provision of a framework for social planning; and to facilitate ongoing research on disabilities.

The general principles underpinning the specific policy recommendations span the broad range of issues considered to impact the socio-economic condition of persons with disabilities and include:

- The creation of an appropriate legislative base to enhance life and remove discrimination;
- Facilitation of governmental and non-governmental cooperation in decision-making in respect of persons with disabilities;
- Public education on disabilities with a view to increasing knowledge and reducing prejudice;
- Creation of a National Register for all persons with disabilities;
- Provision of a colour-coded National Registration Card to easily identify persons with disabilities;
- Right of access to community-based health care, preventative and rehabilitative services in respect of persons with disabilities;
- A building code, enforced by the proposed Building Authority to ensure accessibility to the physical and built environment;
- The right to dignity, to speak and advocate, and to make choices;
- Access to adequate social security benefits;
- Rights of accessibility to appropriate transportation;
- The adaptation of “best practices” in all areas of disability and extensive international networking to the advantage of persons with disabilities;
- Access to education at all educational levels, in an integrated setting wherever possible, and specialised facilities for minorities for whom specialisation would be more beneficial;
- Equalisation of employment opportunities;
- The involvement of persons with disabilities in the full range of social, recreational and cultural activities;
- Research and monitoring in all areas related to persons with disabilities.

Existing programmes and services

The lengthy listing of programming requirements for the disabled in the *Report of the Task Force on National Disability Policy* is indicative of the fact that historically, little attention has been paid to the disabled in terms of consistent programme development. In fact most of the existing programmes cater to the special educational needs of children with disabilities.

In terms of public sector agencies, there are four annexes to mainstream primary schools offering special education for mentally challenged children up to age eleven. The Centre for Pre-Vocational Training, which draws most of its students from the primary school annexes, offers a primarily functional curriculum preparing children for life and work to the extent of their capacity. In addition, the Alma Parris Secondary School offers an alternative curriculum to students who, while they may be learning-impaired, are able to function at the level of a secondary institution. The School for the Deaf and Blind, as the name implies, offers special education to hearing and vision-impaired children. There is also a number of government-assisted private sector agencies offering services to children and young people with disabilities including the Children's Development Centre, the Challenor School, the Learning Centre and the Thelma Vaughan Memorial Home [see *Box 3.2*].

Roett and Joseph (1998) found that 2 877 or 32 per cent of the 8 903 persons on the Welfare Roll up to the end of 1996 were disabled persons. Their report on the rationalisation of the social services makes a case for the equalisation of the disability grants for the adult welfare client over 18 years with that paid to "blind/deaf-mute" clients under the National Insurance and Social Security Scheme. The former receives \$33.00 per week as against the \$67.00 per week received by the latter [see *Table 3.2*].

Box 3.2 Institutions offering services for the disabled

INSTITUTION	Assessment	Education	Voc. Training	Rehabilitation	Projects	Residence
Primary School Annexes		X				
Children's Development Centre	x	X		x		
Learning Centre		X				
Pre-Vocational Centre		X	x			
Alma Parris School		X	x			
School for Deaf & Blind		X				
Challenor School		X			x	
Thelma Vaughan Mem. Home						X
Evalina Smith Ward				x		X
St Andrew's Children's Centre				x		X
Christian Learning Centre		X				
Workshop for the Blind			x	x	x	

Table 3. 2
National assistance/insurance grants and food basket costs*

Category	Grant (Wkly)	Food Basket Cost (Wkly)
Children under 16	\$25.00	\$66.57
Children over 16 at school	\$28.00	\$66.57
Able-bodied adult	\$28.00	\$56.35/\$68.85
Low disability	\$29.00	NA
High disability	\$33.00	NA
Adults over 55 and not receiving pension	\$38.00	\$51.92
NIS Old Age Pension/Blind/Deaf Mute	\$67.00	NA

Source: National Nutrition Centre Report on Weekly Food Basket Costs, 1996

3.2.3 Youth policy

A government's programmes and policies are generally articulated in its development plans. An analysis of these development plans over the post-independence period indicates that there has been no consistent attention to the issues related to youth as a social group. Rather, planning and policy development over this period has been characterised by the type of incrementalism that has tended to be a feature of much of social policy development in respect of vulnerable groups in Barbados.

The early 1990s marked the beginning of a more intensive programme of research and consultation with young people towards social policy formulation as popular concern mounted about their social circumstances and behaviour. The government set up the National Commission on Youth in 1991 against the background of an increase in social problems in the latter half of the 1980s involving youth and the subsequent intense public debate concerning this phenomenon. The specific objectives of the Commission were:

- To provide a socio-demographic profile of youth in Barbados noting trends in the same
- To identify and outline the major needs of these youth, and the major social problems which they face
- To investigate the major personal, social, cultural and institutional factors which create the identified difficulties
- To identify and analyse laws, policies and programmes related to youth with a view to discovering the ways if any in which they adversely affected youth
- To recommend appropriate policy initiatives.

Two new policy initiatives for youth which emerged were the Barbados Youth Service (BYS) and the Youth in Business Project. The BYS was established in October 1991 as a one-

year programme for out-of-school youth with the objective of providing a disciplined, structured environment in which to facilitate their development. The BYS had an intake capacity of 100 young persons aged 16 to 22 years who would follow a phased programme of personal development, skills development and orientation to the world of work.

The Youth in Business Project was launched in 1992 under the Youth & Community Development Department with the primary aim of generating non-traditional self-employment among youth, particularly in the areas of small business. Two Youth in Business Centres were opened offering support to prospective young business persons. In general, however, the scope of this initiative was much too narrow in the context of existing demand and the numbers who benefited from this Youth in Business programme were not sufficient to make a serious impact on the existing levels of unemployment.

Following the change of government in September 1994, the newly established Ministry of Education, Youth Affairs & Culture convened a National Consultation on Youth, the main purpose of which was "...to provide an open forum for the discussion by those persons and organizations involved with youth at various levels, as the basis for the formulation of the National Policy on Youth". This was followed almost immediately by a Regional Seminar on Youth Employment and Youth Enterprise. According to the *White Paper on Youth Development in Barbados* (1995) prepared by the Ministry of Education, Youth Affairs & Culture:

These two encounters provided the Ministry with valuable additional information and guidelines to facilitate the work which needed to be undertaken as a matter of urgency.

There apparently was some urgency felt by the government because within a few months, in April 1995, the Youth Affairs Department was established as a "coordinating, facilitating and collaborating agency in respect of matters concerning youth". The responsibility of the Youth Affairs department was to fulfil the government's mandate as it relates to youth development and it was set up to operate through three programming channels:

- The Barbados Youth Service (BYS)
- The Youth Development Programme (YDP)
- The Youth Entrepreneurship Scheme (YES)

The work of the department is primarily facilitative and it works with governmental, non-governmental organizations, international agencies, the private sector and individuals to create and sustain the positive environment needed, in the words of its operating theme, for "*building tomorrow today*".

The principal objectives of the Youth Affairs Department are:

- (a) To harness and channel the energies of youth into the process of nation-building;
- (b) To provide young people with the opportunity of finding alternative means of employment instead of relying on traditional ones;

- (c) To build harmonious relations between Barbadian citizens and develop a more caring society in the process;
- (d) To create an environment which will promote confidence in the culture, thus equipping the youth to deal more effectively with negative influences;
- (e) To redirect the lives of young people who manifest negative attitudes and dysfunctional social, emotional and behavioural trends.

The Barbados Youth Service was established in 1991 as a one-year structured programme providing personal development skills, disciplinary training and attitude building to young people between the ages of 16 and 22 years. Under the Division of Youth Affairs there has been an increase in the intake of young persons into the programme (from 100 to 250 annually) and an expansion of the programme to include a range of technical and vocational skills training as well as an academic training programme. The Barbados Youth Service also provides a job attachment programme as a final element in the one-year training exercise.

The Youth Entrepreneurship Scheme (YES) was set up in August 1995 as a new initiative replacing and broadening the scope of the Youth in Business Programme which had been established by the previous government in 1992. YES targets young people between the ages of 16 and 30 years offering a network of resources to support emerging entrepreneurs with services including:

- Direct technical assistance
- Mentorship
- Entrepreneurial development training
- An accounting service
- A marketing service
- Facilitation of access to financial assistance

This package of services involves an interesting partnership between public and private sectors, the latter being involved as mentors and technical partners in the delivery of the programme. According to the Ministry of Education, Youth Affairs & Culture, YES is aimed directly at tackling the issue of youth unemployment through the provision of self-employment opportunities towards the provision of a strong entrepreneurial and business ethic among young school leavers and unemployed youth.

The Youth Development Programme (YDP) represents a personalised approach to the delivery of youth programmes at the community level. Under this programme the island is divided into four zones and then into thirty-two districts each serviced by a Youth Commissioner (Field Officer). Apart from forming the research arm of the Division, the YDP is responsible for mobilising young people towards positive youth development, programme planning and delivery and facilitating the access of young people to the wide range of social services available to them. An important feature of the work of the YDP is a massive-community based training programme in sports and in a range of cultural disciplines.

These programmes under the Division of Youth Affairs together with a range of other new initiatives, particularly in the area of services for young entrepreneurs have emerged within

the last five years. While the majority of these programmes have not been operational long enough for any meaningful assessment of their impact to be made, the indicators are positive. Hundreds of young persons have benefited from the entrepreneurial development services available and youth unemployment rates have been falling faster than national rates. The real test, however, is in the sustainability of these initiatives and of the enterprises which they have generated. In addition, there remains some degree of disarticulation and overlap in respect of services for young entrepreneurs and the rationalization of these services would contribute to an overall increase of efficiency of government's efforts in this regard.

A number of new policy initiatives have been outlined in the Barbados Labour Party Manifesto 1999 in order to "...diversify its programmes into areas of clearly defined need." Among these is a shift downwards of the age-range of young persons targeted for programming beginning at eight instead of fifteen years of age. The rationale advanced for the change is that the building of trust is so critical to the success of youth development that programming should seek to start at a stage where the building of trust is easiest. The government also proposes to introduce a National Service Programme whose objectives will be to involve young people in the performance of community service and to expand programmes for conflict resolution at the level of groups and community. Another interesting initiative is the proposal to assist in the establishment of a Youth Village offering respite care to young people whose domestic environment proves inimical to their personal development and offering temporary accommodation to facilitate the transition of young people from custodial or residential care to independent living arrangements.

Practice and achievements

Two underlying philosophical principles have guided the operations and programme formulation of the Youth Affairs Department – these are participatory and research-driven. In a paper outlining this approach the Director of Youth Affairs argued:

Social planners are.... in general terms, somewhat removed from the social reality of young people - perhaps moreso than any other social group. It then follows that to plan social programmes for youth without their participative involvement is to encourage low take-up, indifference or even alienation among that prospective client group. It is the recognition of these facts that has informed the participatory approach to the design and delivery of social programming in the Division of Youth Affairs." (Carter, 1997).

Against this background, one of the first orders of business of the new Youth Affairs Department after its establishment in 1995 was the design and implementation of a National Youth Survey whose objective was to collect base-line data on the educational, training and occupational status and aspirations of young people as well as to determine the extent of their involvement in structured/organised activities and specific needs. The survey was carried out by the field officers of the Department and eventually saw more than 40 000 young people in the target group 15 – 30 being interviewed. This provided a rich data-base on which subsequent programming of the Department was based in a direct and focused way unlike anything that had happened before.

The process of consultation with young people also included annual Consultation Workshops in which officers of the Youth Affairs Department met with representatives of youth and community organizations to determine their needs and appropriate response methodologies. Another innovative strategy is the Annual School Leavers' Tracer Survey which targets the approximately 4 000 young people leaving school each year and collects specific data on their educational, training and employment aspirations as a basis on which the field officers respond through direct contact in order to facilitate the realisation of these aspirations. The Department has engaged in a wide range of research and consultative activity towards responding to the needs of young people. (*Box 3.3*).

As a consequence of the intensive consultative fieldwork carried out by the Department, thousands of referrals of young people have been made to various social service agencies on the basis of needs identified in the field. The data base generated has also positioned the Department to make referrals for employment or sports scholarships on behalf of young people on the basis of criteria presented by prospective employers and recruiting agents from universities as well as "internal" referrals to its own programmes to facilitate needs identified by young people. Similarly, in response to the expressed need of youth and community groups as expressed at Consultation Workshops, the Department has established a Secretariat to service the needs of such groups and produced Directories of Youth and Community Groups, Social Services and Higher Education and Training so that young people may pursue their self-development independent of the Department.

This approach to youth programme formulation and the innovative initiatives of the Youth Affairs Department have won the acclaim of regional agencies such as the Commonwealth Youth Programme and CARICOM, both of which have sought to model the Barbados programme elsewhere in the region.

Box 3.3**Selected research outputs of the Barbados Youth Affairs Department**

Output	Methodology	Usage
School Leavers' Tracer Survey Report	Questionnaire Survey	<i>Proactive Intervention through Counseling, Career Guidance, Referral etc</i>
National Database on Situational Analysis of Youth	Interview Survey	Youth Policy Formulation Youth Programme Development
Directory of Youth & Community Groups	Observation Research, Interviews	<i>Networking between Youth Organizations, Governmental Agencies and NGOs</i>
Directory of Social Services	Documentary Research Questionnaires Interviews	Facilitating access to Social Services; Referrals
Directory of Higher Education and Training	Documentary Research Questionnaires Interviews	Referrals; Guidance and Direction of Youth
Youth Affairs Department – Annual Report	Documentary Research	Impact Assessment; Case History Development
Family and Household Context of Youth Service Clients	Questionnaire	Programme Formulation Response to Needs
Attitudes, Perceptions and Preferences of Youth Service Clients	Questionnaire	Formative Evaluation Programme Formulation
Social Issues Confronting Youth	Focus Group Discussion Interviews	Youth Policy Formulation Programme Development

3.2.4 Education

The education system in Barbados provides a wide and varied range of educational opportunities from the pre-primary to the university level. Public education is free at the point of delivery and compulsory for children up to age sixteen, thus providing for effectively universal participation at the primary and secondary levels. In addition, a number of programmes are provided to ensure active participation by all students. These programmes include the provision of school meals at the primary level; a textbook loan scheme; transport assistance; a uniform grant and bursaries at the secondary level; and a wide range of awards, grants exhibitions and scholarships at the tertiary level.

One of the principal factors in Barbados' enviable ranking on the Human Development Index relates to its educational policies, practices and strategies. Barbadian governments have long emphasised that education is a necessary condition for self-sufficiency and individual dignity. It has long been proven that education has immense power to transform – as a key vehicle to increase national and individual incomes and bring about economic growth.

For centuries Barbadian education has been identified as a major source for social change and modernisation of attitudes, values, economic behaviour. Evidence of the success of the

Barbadian education system can be seen in the demand for educated Barbadians to work abroad in every sphere of the world of work, and Barbados has maintained a thriving export of its human resource. What is significant about this fact is that a small island such as Barbados, with a relatively small population has not suffered a “brain drain effect” that accompanies large population outflows as in many other countries. The high standard of education has ensured that even with population outflows, Barbados is still replete with well-educated individuals who can adequately service the country’s needs.

Underpinning the support systems is the premise that every Barbadian has the right to educational opportunities to allow for the fullest realisation of potential thus resulting in a meaningful contribution to the total development of the country. Presently, education in Barbados is compulsory by law between ages 5 to 16. Indeed, Barbados boasts one of the only systems in the world where education is free up to and including the tertiary level for all its nationals.

Early colonial education

Formal education was introduced in Barbados in 1686 when two St. George planters, John Elliot and Rowland Bulkley donated land and 1,000 pounds sterling for the start of a charity school. This first of many charity schools was established for the education of poor white children.

These efforts made no provision for the education of the slaves and their children who had been transported from various parts of Africa and who spoke different languages. It was considered dangerous to teach slaves a common language as this could lead to the successful planning of revolts. Subsequently the first school for coloured boys was built in Bridgetown in 1818. By this time the imminent emancipation of slaves begin to stir public interest in elementary education. As a result, in 1827 an elementary school for coloured girls was founded in Bridgetown as well a Girls’ Central School and Boys’ Central School.

The post-emancipation period

A meaningful step was made towards education when the Act for the abolition of slavery was approved by the legislature in 1834. Estate schools were set up to provide education for 3,057 pupils. Other elementary schools supervised by the clergy catered to the needs of another 4,372. In addition to the above, there were Saturday, Sunday and evening schools organized with assistance from the clergy. By 1842, there were approximately 200 schools in early Barbados.

In 1850, the first Education Act was passed and among its most important provisions were the establishment of an Educational Committee and a part-time School Inspector. In 1858, a second Education Act was passed. Under this Act the School Inspector became a full-time officer and the content of the school curriculum was formally determined. In addition, the pupil-teacher system was introduced and an incentive programme of “payment by results” was initiated. Education in Barbados developed rapidly during this period and government grants were increased annually to 9,200 pounds sterling by 1874.

The emphasis in the immediate post-emancipation years was to provide children with the elements of education which were basically the three 'R's'. Since this period the Barbadian education system has evolved into the comprehensive programme which now exists, providing a wide and varied range of educational opportunities from the pre-primary to university level.

Early childhood education

Early childhood is defined as the formative stage of development spanning the period from birth through to seven years. This period is recognised as the time when young children need security, safety, good nutrition and exposure to concrete and varied learning experiences. The objectives of early childhood education is to help children build good habits for effective living; enjoy learning through play; learn spiritual and moral values; and develop thinking skills, imagination and self-reliance.

The Government of Barbados has for many years provided Early Childhood Education for young children. Prior to the 1940's infant education in Barbados was similar to that of older children where the emphasis was on learning to write well, memorize passages, repeat tables and sing hymns. The infant schools were mainly for the education of girls who were allowed to remain at school until the age of fourteen or fifteen. However, following the 1944 Hadow Report in England, administrators of Barbados' education system instituted changes that emphasised the difference between infant and primary education, making provision for schools to be divided into Infant and Junior departments.

This innovation ensured that children were promoted by age rather than ability, allowing Early Childhood Education to be defined by age. This action caused spiraling effects in the development of Early Childhood Education: the first Infant Methods Inspector was appointed, training courses were organised in Infant methods and Infant syllabuses were revised. The impact on teaching was that infant classes became less rigid, encouraging a free and more relaxed learning environment. Unlike previous situations the curriculum was becoming more activity oriented and teachers began to use home made materials and equipment to enhance early childhood instruction.

More recently, some primary schools have been admitting children from as early as three or four years old. Over time nearly all primary schools have catered to this age group in a Reception Class; that is, the class for under fives. The establishment of Erdiston Teachers' College led to a cadre of teachers who were professionally trained in Early Childhood Education, recognising the stages of growth and development of the child and acknowledging that children mature at varying levels and that instruction should reflect this.

Outside of the public school, private nurseries had long been making a contribution to early childhood education. Those who could afford such private education sent their children to private/nursery education. This situation then led to the Government of Barbados establishing its first nursery school in 1965 - Erdiston Nursery. This was followed by Government Hill Nursery in 1972, Eden Lodge Nursery in 1975 and the St. Stephen's Nursery in 1993.

Further expansion in early childhood education came when, after 1975 Government pursued a policy of encouraging schools which had space to establish nursery departments, providing greater space for under fives. In 1964 and onward, the Government of Barbados established day care facilities within all major housing estates across the island starting with the Pine Housing Area. Such facilities were eventually taken over by the Child Care Board which sought to ensure that a sound education component was a part of the Day Care programme. Today, each day care facility has a learning centre with trained child care officers. The programme follows an early childhood syllabus with a daily schedule of instructions.

Since 1989, the early childhood movement in Barbados has been strengthened by the emergence of an Early Childhood Education Association. This group is mainly comprised of dedicated early childhood educators in the public schools whose mission is to:

- Educate the public as to the importance of early childhood education to the benefit of every Barbadian child.
- Provide teachers with opportunities to obtain and exchange information and keep abreast of current trends and innovations in early childhood education.
- Assist teachers in solving problems which are associated with the administering of early childhood programmes.

Early Childhood Education is an integral part of the delivery of quality education in Barbados. It is generally accepted that access to early childhood education programmes enhances the further success of the child in coping with learning experiences. Empirical data produced by Dr. Anthony Layne, in a Public Lecture on Gender and Academic Performance in Barbados (April 29, 1997) identified the exposure of girls to early childhood education as a factor that led to their more superior academic performance over boys.

As of 1995, there were 8115, three- and four-year olds in Barbados of whom 4239 are catered for in the public school system. The Government of Barbados continues to emphasise the importance of Early Childhood Education and is continually expanding its resources to carry out reform proposals in this area. To this end the Ministry of Education:

- Has formed an alliance between schools and the PTAs to provide volunteers who act as Teacher Aides in nursery schools
- Is providing greater training opportunities in Early Childhood Education for teachers of children ages 3-8.
- Is providing technical assistance for the private institutions offering Early Childhood Education Programmes.
- Is ensuring that there are more resources available to these programmes to ensure more effective teaching.

Primary education

The term primary is used to describe education provided for children between the ages 5 – 11. It also encompasses students 11- 16 who follow a special curriculum at one composite and one Senior School. At present there are eighty-one public schools as well as 19 nursery and 20

private primary schools registered with the Ministry of Education. Subjects taught at the primary level include: English Language, English Literature, Religious and Moral Education, Science, Mathematics, Art, Handicraft, Agriculture, History, Music, Geography, Social Studies, Health, Physical Education.

Government supports the position that primary education forms the bedrock of the education system and has demonstrated its commitment to primary education by consistently increasing the level of funding after the cuts which occurred during the period of stabilisation and structural adjustment. There is also a deliberate policy of ensuring that the teachers at this level are trained either at the Erdiston Teachers Training College or at the Faculty of Education at the University of the West Indies [see Table 3.3].

Table 3.3
Primary/composite school teachers by training status
1998/99

Level	Trained	Untrained	Total
Graduate	780	43	823
Special Grade	5	0	5
Teacher	593	106	699
Total	1378	149	1527

Source: The Ministry of Education, Youth Affairs & Culture, Planning Department.

One significant display of such commitment is the allocation of Bds \$350m to a seven year Government of Barbados, IDB/CDB Education Sector Enhancement Programme (EduTech 2000). This programme will eventually affect all schools and includes the rehabilitation and repair of existing school plant, teacher training and technical assistance, institutional strengthening, and procurement and installment of educational technology in all public schools and selected private schools.

Education Sector Enhancement Programme (EDUTECH 2000)

This programme encompasses the vision of the Government of Barbados to carry Barbados forward and to place it on the cutting edge of innovation through the development of its most precious resource, namely, its people. Its objective is to ensure that Barbados' educational system becomes more responsive to the needs of the community, the needs of industry and the needs for Barbados' development in the future. Edutech 2000 seeks to ensure that Barbados remains competitive in the emerging global environment while ensuring a better

life for its people. The programme seeks primarily to increase the number of students contributing to the sustainable social and economic development of Barbados. EduTech 2000 will therefore:

- Shift the pedagogical approval of the teacher system from teacher-centred to child-centred.
- Promote project-based and collaborative learning among students at primary and secondary schools.
- Incorporate the use of technology with the teaching process
- Revise and reform the existing curricula to take into account the demands of the twenty-first century.
- Rehabilitate the physical structure of all schools (costing Barbados \$110 million).
- Provide training and institutional adjustments.
- Encourage students to become responsible for themselves, their communities, their families and their country.

The Government of Barbados has also formulated a number of initiatives which will serve and are serving to assist with the delivery of “Quality Education For All” as the theme of the White Paper on Education Reform (1995) states. Significant advancements since 1994 include:

- Re-introduction of the Preliminary In-Service Teachers’ Training Programme at Erdiston Teachers’ College in 1997.
- Establishment of a Parent Education Programme to train over 1,100 parents of children who are under-performing.
- Restructuring of the Certificate in Education Management and Administration at Erdiston Teachers’ Training College.
- Amendment of the Education Act to create a system of flexible transfer to allow children of primary age to write the Secondary Schools’ Entrance Examination when they are academically ready as long as they are between the ages of 8 and 12. This allows gifted children an opportunity to move at an accelerated pace and those who have not mastered the requisite skills may benefit from a deferment system.
- Introduction of a system of Partial Zoning in 1996 for the transfer from Primary to Secondary level to allow for greater equity in the distribution system.
- Introduction of Conversational Spanish, (and shortly French) in 35 primary schools using native speaking teachers.
- Establishment of a Diagnostic and Remedial Unit in the Ministry of Education, 1994 – 1997, to be able to better diagnose and remedy learning difficulties experienced by some children.
- Tests for over 28,000 primary school children for hearing, speech and sight impairment and the provision of necessary follow-up treatment.
- Introduction of Criterion- Referenced Tests to properly assess each child’s skills at ages 7 and 9 years.

- Provision of a subvention to Parent Teachers' Association to support the training of Parent Volunteers.
- Recruitment of 34 clerk/typists to provide clerical assistance to principals in the primary sector.
- Appointment of community-based committees to service primary schools.
- Construction of new primary schools and expanded maintenance programmes for all schools.
- The amalgamation of 64 schools to form 31 up to 1995, with the construction of 20 schools to accommodate this change.
- Reduction in the cost of books for parents of primary school children.
- Introduction of a pilot programme in African Heritage Studies, Citizenry, Family Life and Health Education in some primary schools.

Secondary education

Secondary education is provided in 23 public secondary and 10 assisted private schools. Admission to secondary school is on the basis of the Barbados Secondary Schools' Entrance Examination. The curriculum includes: Agriculture, Art, Handicraft, English Language, English Literature, Religious and Moral Education, Foreign Languages, History, Music, Geography, Social Studies, Mathematics, Sciences, Health, Physical Education, Technical and Vocational Education. This curriculum has recently been revised to include African Heritage Studies, Citizenry and Family Life and Health Education.

Students write the examinations of the Caribbean Examinations Council (CXC) at the Basic and/or General Proficiency levels between the ages of 15 and 17. Students whose level of performance is creditable may write a Cambridge Advanced Level Examination between 17 and 19 years old.

The major function of secondary schools is to ensure that all students acquire knowledge, skills and attitudes which lay the basic foundation for future careers and good citizenry. In addition, this secondary sector has seen the introduction of some major policy initiatives. These include:

- The Edna Nicholls Centre which offers counseling and correction services to suspended students through an out-of-school suspension programme.
- The establishment of the Alma Parris Memorial School as a Secondary School with an alternative curriculum for children with learning difficulties.
- The introduction of a School Meals programme in certain Secondary school where there is a clear economic need.
- In order to make young citizens aware of their cultural heritage, a comprehensive cultural programme was introduced in 1998 across the school system to teach activities such as Stilt Walking and the history of the Barbados Landship.
- Intensive rehabilitative work was done and is continuing on Secondary Schools.
- Provided for the procurement and installation of educational technology in secondary schools.

- Since 1990, an OAS-Sponsored Basic Education Project has exposed public secondary school teachers to basic training in Remedial Education, particularly in the areas of Language Arts and Mathematics, resulting in at least nine well equipped Basic Education Clinics at Secondary Schools across the island.
- To accomplish further improvement at the Secondary level, the Textbook Loan Scheme was operationalised in all public secondary and assisted private schools. This model has been adopted by other CARICOM countries as part of the Government Technical Cooperation among Developed Countries (TCDC) Programme.
- A scheme for the provision of uniforms for secondary school students was introduced in 1980. This scheme provides a once-and-for-all grant of \$100 to each qualified student entering a secondary institution for the first time.
- The review of students' performance at this level is continually being examined. Teachers use appropriate analyses of tests in an effort to identify, strengths, weaknesses or gaps in the students' knowledge, to diagnose the high points of the programmes and, thus to focus their instruction accordingly.
- The Government of Barbados is also committed to the establishment of a National Certificate of Secondary Education which would provide evidence that the holder of this certificate has satisfactorily completed an approved programme of Secondary Education and has attained an acceptable level of competency in a set of subjects. This is being undertaken in conjunction with the existing Caribbean Examination Council's and the Barbados Secondary School Certificates.
- Establishment of a programme in conjunction with UNESCO, catering to students of secondary schools who excel in science, cricket and performing arts.

In the 1980s most of the public secondary schools were changed to co-educational institutions. Today there are only two single-sex secondary schools remaining in Barbados. This policy had the immediate effect of increasing the number of places for girls at secondary school because at that time there were more male secondary schools than there were female schools.

The private secondary schools in Barbados have served Barbados well over the years especially during the 1960s when there were insufficient school places available. At present there are 10 Assisted Private Schools accommodating some 2000 students. Government support given to these Assisted Secondary Schools includes the provision of a trained teacher in remedial education; support of computer studies programmes at the rate of \$4,000 per school; and specialist assistance with the implementation of the Information Technology and Remedial Education programmes.

Tertiary education

Tertiary or post-secondary education plays a critical role in the development of Barbados' human resources and for this reason a sizeable proportion of the resources is allocated to this sector. Education at the tertiary level is provided at vocational and technical colleges as well as university. These institutions include: The Barbados Youth Service, The Samuel Jackman Prescod Polytechnic, The Barbados Vocational Training Board, Erdiston Teachers' College, The Barbados Community College and The University of the West Indies.

Government's commitment to encouraging and promoting the growth and development of higher education is quite evident as it provides substantial funds for the provision of scholarships and exhibitions to those students whose performance at the end of the sixth form programme is outstanding. To further assist with the cost of providing scholarships, grants and awards for the pursuit of tertiary education, the Student Revolving Loan Scheme was established in 1977 with the assistance of funding from the Inter-American Development Bank. The Scheme makes repayable credit available for the finance of studies in specific professional and technical careers identified as being of primary importance to the economic and social development of the country. For the first three-quarters of fiscal year 1999/2000 the Scheme had disbursed \$6.5 million and had seen more than 200 loans approved.

The changing requirements of the workplace demand a highly skilled and well-equipped work force to successfully ride the crest of the emerging economic and technological wave. To this end the Ministry of Education is continually seeking to: ensure increased access to education for all its citizens; facilitate the provision of on-going Adult and Continuing Education Programmes, and providing for the articulation of programmes and courses both horizontally and vertically. This facilitates student mobility at all ages and stages, and a career path in each occupational sector.

Major initiatives recently undertaken were:

- Construction of Library Resource Centres at The Samuel Jackman Prescod Polytechnic, The Barbados Community College, Erdiston Teachers' College and Barbados Hospitality Institute.
- Expansion of The Samuel Jackman Prescod Polytechnic from 1,400 students to accommodate 2,500 students and further retooling of the plant and equipment.
- The opening of a new AutoTronics lab at the Polytechnic to provide comprehensive training in the most recent automotive technology.
- Construction of the Hotel Pom Marine, the new location for the Hospitality Institute of the Barbados Community College, accommodating over seven hundred students in 1998.
- Expansion of the enrolment at the University of the West Indies from 2,811 students in 1995 to 3,568 students in 1999.

Adult and continuing education

The changing requirements of the world of work and the need for the population to be readily retrainable at any stage make it essential for citizens to recognise and accept learning as a continuous lifelong process. To this end, the Government of Barbados remains committed to the Continuing Adult Education Programme.

The main emphasis of these programmes is on problem solving – a pre-requisite skill for dealing with problems and situations which adults encounter daily. In addition, literacy and numeracy skills are taught and reinforced using areas of functional knowledge for living. Projections for the future of continuing and adult education include:

- Training and retraining programmes through non-formal education provisions.
- Increasing the number of continuing and Adult Education Centres across the island
- Expanding its delivery of functional literacy and numeracy programmes at the community level.
- Expanding target groups to include retirees, adults with special needs and parents/guardians.
- Further collaboration with quasi-formal institutions concerned with continuing education of adults for example, Barbados Institute for Management and Productivity – BIMAP.

Technical and vocational education

Technical and Vocational Education and Training (TVET) refers to those subjects, training programmes and activities which involve technical skills, for example Electronics, Home Economics and Office Practice. Although some form of technical and vocational education is delivered over the three levels of education; primary, secondary and tertiary, most of this training towards occupational competence takes place at the tertiary and post secondary institutions. According to *Technical and Vocational Education in Barbados, 1996*:

Vocational education is designed to prepare skilled personnel for industry, agriculture, commerce among others, while Technical Education is designed to prepare middle level personnel, for example technicians for industry, agriculture, commerce, medicine, among others.

The responsibility for the Technical and Vocational Education Programme is shared by the Ministries of Education and Labour. This shared responsibility impacts on policy development and planning as well as on delivery and coordination of the programme. The Ministry of Education has in its mandate both technical education and training, while the mandate of the Ministry of Labour focuses on vocational training and has been identified more closely with the labour market. In addition, its programmes are geared towards the needs of employers demanding trained manpower or skill-training needs of unemployed persons.

The two major TVET learning institutions are the Samuel Jackman Prescod Polytechnic and The Barbados Community College with assistance from BIMAP. The Ministry of Labour implements its mandate through the Barbados Vocational Training Board (apprenticeship and skills training programmes) and the TVET Council.

The TVET Council has the responsibility for advising on national policy, developing national plans and establishing standards for TVET and ensuring the coordination of an articulated system of programmes, tests and qualifications. It also provides for an Employment

and Training Fund which is for the promotion and support of training and the upgrading of skills for the Labour Force. Employers and trade unions are well represented on the TVET Council and help to adjust Technical and Vocational Education in accordance with the needs of the labour market. In addition to these Government TVET institutions, a number of private institutions as well as community and church – based groups are actively engaged with mostly pre-employment training which is mainly publicly financed.

The Government of Barbados is, however, the main provider of funding for TVET. Most funds are spent on pre-employment education and on-the-job training. Acknowledging the importance of TVET to the development of Barbados, the Government is committed to:

- Improving salaries to attract instruction with good technical and teaching skills (e.g., a degree programme at the Barbados Community College, National Development Scholarships).
- Providing up-to-date plants, materials, tools and equipment, and maintenance.
- Catering for the specific needs of disabled persons and consequently providing related equipment and training of instructors with the aim of increasing the number of disabled persons involved in the TVET programmes.
- Subsidizing costs of on-the-job training, especially for small enterprises. Tax incentives are also provided for training and a training levy has been used to finance public training.
- Providing greater opportunities for women in TVET including the offering of programmes outside of traditional hours as well as day-care facilities for their children.
- Enhancing re-training programmes for retrenched workers providing them with skills for re-entry into the job market.

The major objective of the Government of Barbados is to improve the quality of life of its citizens. It is with this focus that it seeks to create an environment where its citizens can thrive and where the human resources can be carefully developed to match skills with the requirements of the country.

The vision for education is firmly grounded in the understanding that a nation's human resource development serves as a catalyst for economic, political and social growth. Hence, there are substantial, on-going efforts to improve and maintain the quality of education at all levels: Early Childhood Education, Primary Education, Secondary Education, Tertiary Education including Technical and Vocational Training and Adult and Continuing Education.

3.2.5 *Employment policy*

Unemployment in Barbados as in the rest of the Caribbean has been a source of major concern since the early post-emancipation period. In many ways, it can be considered a primary social problem since many of the other social concerns such as poverty and crime have their genesis in, or are related to the problem of unemployment. Although concern about policy formulation to deal with the unemployment problem is probably as old as the problem itself, modern policy approaches derive mainly from the social, political and economic crisis of the

1930s and the subsequent Report of the Moyne Commission which made specific proposals in relation to solving the unemployment problem and improving the circumstances of the unemployed. Since then, the commitment to policies to alleviate the unemployment situation has been central in national development planning and successive governmental administrations.

This commitment has seen the emergence over the years of four basic policy approaches to employment:

- (a) Job creation strategies such as economic diversification into potential growth areas and more recently micro-enterprise development.
- (b) Training programmes directed at increasing the supply of appropriately trained labour.
- (c) Job counseling, recruitment and placement programmes directed at matching labour to available jobs.
- (d) Social security measures to provide some level of income maintenance to those displaced from employed labor through unemployment.

Job creation

Job creation remains the major thrust in policy approaches to the unemployment problem in Barbados and is intended, like job creation strategies elsewhere, to increase the demand for labour. From the mid-1950s to the end of the 1970s the major thrust was on the manufacturing and tourism sectors based on a wave of legislation. The main objectives of this legislation were: the creation of the appropriate institutional framework, hence the establishment of the Barbados Development Board (1955) which was later streamlined with the establishment of the Industrial Development Corporation in 1969, and the development of a package of fiscal incentives designed to attract foreign investors. These policy initiatives while not living up to all expectations were nevertheless responsible for substantial employment generation over this period.

Since the early 1980s the focus has shifted to manufacturing and the offshore financial and information technology sectors. A recent review of employment policy in Barbados (ILO, 1999) notes:

The growth of the offshore financial and information technology sectors are clear indications that Government policies have had some degree of success... It would appear that the deliberate policy of placing special emphasis on those manufacturing activities which would promote export-led growth has been the major factor. In the financial offshore sector, the deliberate policies in the early 80s and the structural adjustment measures in the 90s, contributed significantly to this sector.

The main policies in the focus on increased efficiency and export orientation of manufacturing were:

- *Developing human resources* needed for an export-oriented manufacturing sector through the provision of certified skills training at the middle management, supervisory and clerical levels.
- *Export promotion* by means of facilitating existing industries into an export phase of their development, rather than a stimulation of new investment in export industries. To this end, the Barbados Export Promotion Corporation became operational in 1980.
- *Fiscal incentives for companies penetrating (new) export markets* which include provisions in the tax laws.
- *The introduction of an Export Guarantee Scheme* operated by the Central Bank of Barbados which operates as a pre- and post-shipment mechanism, guaranteeing the major portion of a commercial bank's financing of an export order.
- *Securing preferential market access for export companies* through agreements such as CARICOM, Lome, CBI, CaribCan and the CARICOM/Venezuela Agreement. (ILO, 1999).

From the early 1980s the Barbados Government determined that attracting international business would be a pivotal plank in its macro-economic policy and developed a body of legislation to facilitate the establishment of foreign businesses. This legislation provided for fiscal concessions to:

- International business companies
- Offshore banks
- Foreign sales corporations
- Exempt insurance (captives)
- Exempt insurance management companies
- Societies with restricted liabilities
- Trusts

Of these, only the offshore banks and foreign business companies are required to pay taxes and all are exempt from exchange controls. Apart from these legislative provisions, the attractiveness of Barbados as an offshore location for foreign business is a network of double taxation treaties with a number of countries including the United States, Canada and the United Kingdom. As a result, dividends paid to foreign companies out of income earned from an active business in Barbados is considered "exempt surplus" and is therefore not subject to tax in the foreign country. (ILO, 1999). The data presented in Annex 2 on the sectoral distribution of employment suggests some level of success with this policy.

Within the last decade micro-enterprise development has emerged as a pivotal plank in employment policy as government sought to create the appropriate enabling environment through a range of institutional developments. As Box 3.4 shows, Barbados now boasts an impressive range of institutions providing facilitating services for micro-enterprise development. This thrust has been reiterated as recently as in the 1999 manifesto of the governing party stating

that: “economic empowerment and enfranchisement of small businesses is a critical dimension of our strategy to create full employment and to eradicate persistent poverty” (BLP Manifesto, 1999).

This newly heightened support for micro-enterprise development is basically due to several initiatives taken by the Government of Barbados to provide support for self- and wage-employment. The existing institutional framework delivers services and support in the following areas of action:

- Education and training
- Information
- Financing
- Technical and other assistance.

Education and training

In recent years, a growing number of TVET activities have been aimed at micro- and small enterprises (see discussion under TVET in section on education policy). These include the Barbados Community College, the Samuel Jackman Prescod Polytechnic, the Barbados Vocational Training Board and the Barbados Institute of Management and Productivity. In addition, the Youth Entrepreneurship Scheme offers mentorship training and a comprehensive programme of personal development, business planning and management whereas the Barbados Youth Business Trust (BYBT) offers training programmes assisting young people in developing the necessary skills and attitudes to become successful entrepreneurs. The BYBT also provides micro-credit and a personal mentoring programme along with advisory and marketing support.

Financing

Although a number of establishments offer traditional debt financing, a wide range of non-traditional financing, including equity financing has emerged in recent years. Specifically targeted programmes offer a range of financial services such as:

- Loans up to \$50,000 for fixed and work capital with interest rates ranging from 4 to 12 per cent per annum and pay back periods of 1 to 7 years.
- Comprehensive credit packages which include counseling and consulting services, personal mentoring, advisory and marketing support services.
- Guarantee fund offering a security facility for small and medium enterprises or protection to financial intermediaries against losses arising from the failure of borrowers to repay their loans.
- Investment financing

The general financial facilities and services which are available to all enterprises in Barbados fall into four categories: the schemes run by the Central Bank of Barbados, the facilities offered by commercial banks, the Barbados Investment Fund and those financial facilities offered by the Barbados Investment and Development Corporation. With the closure of

the Barbados Development Bank in December 1995, two new financial entities were established: Enterprise Growth Fund (for venture capital) and Fund Access (for loans).

Technical assistance and business information

These are provided by a number of agencies in Barbados. For micro-enterprises the Small Business and New Enterprise Development Centre of the BIDC is the most important source of support in this area. Others include the Caribbean Technological Consultancy Services Network, the Small Business Association, the Barbados Manufacturers' Association, the Barbados Chamber of Commerce and Industry, the Youth Entrepreneurship Scheme, the Barbados Agency for Micro Enterprise Development Ltd., the Barbados Youth Business Trust, the Ministry of Industry, Commerce and Business Development.

The Government has announced its intention to pass a Small Business Development Act as an instrument to create a stable and favourable environment for micro-enterprise development. The Act will deal with the provision of a broad range of incentives and facilities to micro-enterprises in the areas of direct and indirect tax incentives, work space or plant facilities, simplified access to services, financial and special incentive schemes to which large enterprises are already entitled. In addition a Small Business and New Enterprise Centre is already under construction and there are plans to expand micro-credit and the full range and facilities for micro-enterprises (*BLP Manifesto*, 1999).

*Box 3.4***Entrepreneurial development service providers**

AGENCY	DATE ESTAB.	DESCRIPTION OF SERVICES
Barbados Investment & Development Corporation (BIDC)	Dec. 1972	The Small Business and New Enterprise Development Centre provides a comprehensive support system of office services and facilities, technical assistance and financial feasibility analyses, information, business counseling and the development of business plans for the small business sector. The centre has access to the BIDC's design centre and its research and export Marketing Divisions.
Barbados Investment Fund (BIF)	July 1992	Established by the Central Bank of Barbados and Caribbean Financial Services Corporation it provides equity investment of no more than \$600,000 in the form of common or preferred stock or a combination of both. This equity funding is for start-up and existing businesses in areas such as manufacturing, agro-industry, tourism, employment, enterprises generating or saving foreign exchange and related enterprises considered to be viable.
Barbados Institute of Management and Productivity (BIMAP) (Small Business Management Training – 1973) (Entrepreneurial Development Training Course – 1988)	Jan. 1972	Training course in Entrepreneurial Development and a Small Business Management Training Programme for owners, managers and key employees to improve understanding of operating a business effectively. Customer Management to equip sales staff and key employees with the skills and techniques to provide good customer service, Computer Applications for Small Business designed to provide hands-on experience in the use of basic computerised business applications to enhance productivity and profitability. BIMAP also conducts one-day seminars that deal with small business start-up, simple book-keeping and accounts, negotiating loans, controlling expenses, product pricing and effective selling and marketing.
Barbados Youth Business Trust (BYBT)	Oct. 1996	BYBT Provides micro-credit up to \$30,000 to cover start-up or expansion costs. \$1000 loan/grant to cover feasibility studies, market research or continuing education in Barbados. In addition, personal mentoring and advisory and marketing support services are offered to assist young people between 18 and 30 years old to develop the necessary skills and attitudes to become successful entrepreneurs.
Enterprises Equity Growth Fund Limited	Jan. 1998	Provides equity investment of \$50,000 - \$500,000 for small and medium sized business that are in the start-up or expansion phase. Funds are to assist in meeting medium and long-term capital requirements and to provide a broad range of technical services. Funding is available for any meaningful business venture whose activities will enhance Barbados' foreign earnings capabilities and generate employment. However preference is given to companies with strong growth and profit making potential. Technical assistance in accounting, marketing and consultancy is provided to approved invested companies on a grant basis.
Barbados Agency for Micro Enterprise Development Ltd. (Fund Access)	Dec. 1997	Provides micro-credit up to \$30,000, general business counseling, technical assistance and accounting services. Each client participates in a two-day micro-enterprise training programme which covers confidence building, honouring commitment, marketing, cash management, costing and pricing, record-keeping, break-even analysis and motivation for success and goal setting. The programme is designed to help persons develop necessary skills and attitudes so as to become successful entrepreneurs.

AGENCY	DATE ESTAB.	DESCRIPTION OF SERVICES
Rural Development Commission	Mar. 1996	Provides maximum loans of \$100,000 for start-up, expansion and restructuring of small businesses involved primarily in agriculture, however, consideration is given to any meaningful, viable business venture.
National Employment Bureau (NEB)	1955	Provide the following services to job seekers: aptitude tests, counseling of workers at any level, advice on training and training opportunities, recruitment, screening and referral of qualified applicants to job vacancies, follow-up counseling after placement. Special services are provided for ex-offenders, the disabled and young persons which include job clubs, work groups, job seminars, NEB also recruits persons for the farm labour programme.
Barbados Vocational Training Board (BVTB)	April 1983	Offers training in all trade areas: carpentry, masonry and tiling, auto-body repairs, auto-mechanics, basketry, computer applications, electrical installations, needlecraft, joinery, landscaping, welding and wood products. Special courses are being put on for the construction boom these include forklift, back hoe, bobcat operation, cupboard and roof construction, painting and finishing, stone masonry, brick walling and carpenters' form work.
Samuel Jackman Presod Polytechnic (SJPP)	1969	Offers a course in small business management which covers the role of small business in the economy, mistakes and how to avoid them, buying a going-concern, acquiring a franchise, organising the business, legal and structural aspects of the business, financing the business, policies for new businesses, for merchants and small manufacturers, management and leadership.
Technical & Vocational Education & Training Council (TVET)	Dec. 1993	Administers the Employment and Training Funds which offers grant or loans to institution or companies to train staff. The limit of the grant or loan amount is not specified by TVET but are granted based on the proposed needs of the organization.
Urban Development Commission	Aug. 1997	The Urban Enterprise Programme provides micro-credit up to \$25,000 for start-up and expansion cost of small businesses with a view to reducing the high unemployment in urban areas through the development of a sustainable micro business sector.
Youth Entrepreneurship Scheme (YES)	Aug. 1995	Provides entrepreneurial development training in building self-confidence, motivation, business etiquette, customer management, marketing management, accounting and financial management, time management and business planning. Personal mentoring, legal support and technical assistance in the areas of financial management and marketing are also offered. Access to start up or expansion capital and business consulting to assist young people between 18 and 30 years old to develop necessary skills and attitudes to become successful entrepreneurs are also part of YES service package.

Training

The use of training as a policy approach to unemployment is based on the assumption that lack of appropriate training and skills by individuals is one of the main reasons for their unemployment. In Barbados this basic policy approach dates back to 1924 with the establishment of the Board of Industrial Training and the passing of the Apprenticeship and Bursaries Act in 1928. Since then a variety of legislative measures and programmes have been introduced to facilitate the process including the establishment of a Technical Institute in 1955; the development of the polytechnic (now the Samuel Jackman Prescod Polytechnic) in 1969; and the Skills Training Programme in 1978.

Registration, counseling, recruitment and placement

The third major policy approach to the problem of unemployment in Barbados is based on the attempt to match available labour to available jobs through a process of recruitment, registration, counseling and placement. These services are administered by the National Employment Bureau which was established in 1983 to replace the Employment Exchange which had been set up in 1958. The Bureau has four major dimensions: the registration and placement of job seekers in the local and overseas markets; vocational guidance and counseling; services to employers; and special services.

With respect to the registration and placement of job seekers overseas, the placement has generally been with the farm labour programmes in the United States and Canada although more recently placements have also been made with the Canadian Live-in Care Giver Programme and with U.S Cruise Ship companies. As the data in *Table 3.4* indicates there has been a substantial fall off in respect of registrations although the number of placements has been relatively steady at over 600. Registration and placement in the local market has been less impressive although the number of placements have been on the increase in recent years.

In terms of vocational guidance and counseling, the Bureau offers a variety of services including assistance with the preparation of curriculum vitae and interviewing techniques for young people. The most recent data available indicate that in 1996 some 1,322 interviews were conducted for the purpose of initial screening, job referrals, guidance and counseling. In addition, the Bureau continues a range of vocational guidance activities including school visits and job clubs where persons are advised on career choices, the world of work, job search techniques, employer expectations and worker's rights

Table 3.4
Local and overseas registrations and placements by Labour Department 1992-1998

Year	Local		Overseas	
	Registrations	Placements	Registrations	Placements
1992	5,680	329	1,274	684
1993	3,203	335	2,356	673
1994	2,498	239	2,039	654
1995	1,392	231	1,667	662
1996	1,250	283	1,441	610
1997	2,798	345	1,490	636
1998	1,674	401	1,147	608

Source: Barbados. *Annual Report of the Department of Labour 1996 (and unpublished data)*

The Bureau also offers special services to certain target groups including ex-offenders, the disabled, young persons, returning nationals and workers who have been severed. In respect of employers, the Bureau makes visits to business establishments in order to promote its services and offers advice in drafting job advertisements; recruitment, screening and referral of qualified applicants; assessment of job seekers through proficiency and aptitude testing; counseling of employees; training; and labour market information.

Unemployment insurance

Concerns about making social security provisions for the unemployed date back to the 1930's when in 1936 a Pension Committee was established to examine the possibility of introducing an old age pension scheme and a system of unemployment insurance. While the Committee went on to formulate proposals for a system of old age pensions, its response to the idea of an unemployment insurance scheme was not encouraging. The matter was raised again in the *Richardson Report* (1954) and the *Stockman Report* (1962) but even though such a scheme was recognised as desirable, it was generally felt that the economy could not support it. In addition, there was strong opposition to such an idea from business interests which maintained this was too heavy a burden for them to bear.

Box 3.5
Country safety net programmes

Target Group and Programmes	Country							
	Barbados	Belize	Dominica	Grenada	Guyana	Jamaica	St Lucia	Trinidad & Tobago
<i>Children</i>								
School Feeding	x	x	x	x	x	x	x	x
Travel to school	x	x	x			x	x	x
Uniforms, Books Assistance	x	x	x	x		x	x	x
<i>Low income families</i>								
Social Assistance-cash	x	x	x	x	x	x	x	x
Benefits in kind	x		x		x	x	x	x
<i>Unemployed</i>								
Unemployed Benefit	x							
Youth Training	x	x	x	x	x	x	x	x
Public Works	x	x	x	x	x		x	x
Small Business Dev	x	x	x	x	x	x	x	x
<i>Elderly</i>								
Non-contributory Pen NIS Pension	x	x	x	x	x	x	x	x
In-Kind Assistance	x	x	x	x	x	x	x	x
Homes for the Aged	x		x		x	x	x	x
	x	x	x	x	x	x	x	x
<i>Disabled</i>								
NIS	x	x	x	x	x	x	x	x
Social Assistance	x	x	x	x	x	x	x	x
Residential Care	x	x	x	x	x	x	x	x

Source: Poverty and Human Resource Development in the Caribbean
World Bank Caribbean Division Report No. 15342 LAC.

The Unemployment Benefit Scheme was introduced in 1981 as a branch of the National Insurance and Social Security Scheme. The objective of the Unemployment Benefit Scheme is to provide compensation to employees who either because of total unemployment, lay-off or short-time suffer loss of earnings. The Scheme covers total or partial loss of earnings even though the contract of employment continues to exist and is a critical part of the safety net programme existing in Barbados. Indeed, Barbados is the only country in the region with an unemployment benefit scheme [see Box 5].

Coverage is provided for individuals aged 16-64 years who normally work for an employer. However, permanent government employees, self-employed persons and persons never insured under the National Insurance Scheme are not covered. The Scheme is financed by way of contributions shared equally between employee and employer and contributions currently fixed at 1.5 per cent of insurable earnings are collected as part of the usual national insurance contributions. Over the years there have been adjustments to the contribution rate which reached

as high as 5.5 per cent of insurable earnings in 1991. It was subsequently reduced to 3.0 per cent in 1994 and again by half to its current rate based on an actuarial recommendation in 1998.

According to the *NIS Guide to Benefits* (1999), to qualify for unemployment benefit one must:

- Have been insured for at least 52 weeks;
- Have at least 20 contributions paid or credited in the three consecutive quarters ending with the quarter but one before that in which unemployment began;
- Have at least 7 contributions paid or credited in the quarter but one preceding the quarter in which unemployment commenced.

The daily rate of unemployment benefit is 60 per cent of the insured person's average insurable weekly earnings divided by six. The same principle applies in the case of an insured person who has been laid off or kept on short time. Under the regulations, two or more periods of unemployment which are not separated by more than eight weeks are treated as one continuous period of unemployment and the same rate of benefit is payable for the entire period.

Table 3.5

The unemployment fund – Contribution and benefit payments, 1994-1998

Year	Contributions \$M	Benefits \$M	Surplus/Deficit (-) \$M	% Difference
1994	36.9	13.3	23.6	63.9
1995	35.9	11.0	24.9	69.4
1996	39.5	14.7	24.8	62.8
1997	42.7	16.5	26.2	61.3
1998	41.8	20.3	21.5	51.5

Source: Barbados. Report on the Unemployment Benefit Scheme, 1998.

Table 3.6

Total claims approved and persons benefiting 1994-1998

Year	No. Claims Paid	No. Persons Benefiting
1994	10,775	8,907
1995	7,607	7,460
1996	10,135	9,185
1997	10,416	8,969
1998	12,275	9,478

Source: Barbados. Report on the Unemployment Benefit Scheme, 1998.

The unemployment benefit is payable for each day of unemployment (excluding Sundays) as long as the unemployment continues, subject to a maximum of 26 weeks in any continuous period of unemployment; or for an aggregate of 26 weeks in the 52 weeks immediately preceding the commencement of the current week of unemployment. A person who has exhausted entitlement to unemployment benefit does not become entitled again until the expiration of 52 contribution weeks from the benefit payment.

The *Report on the Unemployment Benefits Scheme (1998)* indicates that \$20.3 million in benefits were paid in 1998, an increase of \$3.7 million or 22.7 per cent over the \$16.5 million paid in 1997. The Report indicates that benefit payments were less than contribution income for the seventh consecutive year and the reserves in the Unemployment Fund stood at a healthy \$103.9 million. [see *Table 3.5*]. The data presented in *Table 3.6* show that a total of 12,275 claims were paid in 1998 with 9,478 persons benefiting.

3.2.6 Housing policy

Although the history of governmental involvement in the housing market dates back to the late nineteenth century, the foundation of modern housing policy was in the post-1930's. In the wake of the 1937 riots, the Moyne Report (1939), the Housing Board Report (1943) and the Stockdale Report (1946) all highlighted the continuing problems of dilapidation, overcrowding and insecurity of tenure and proposed a mix of public and private sector responses for their amelioration. In the immediate post-war period the focus of housing policy was on building and health regulations; owner occupation; the rental sector and housing welfare.

The Tenancies Freehold Purchase Act (1980) has been identified in the *White Paper on Housing, 1997* as "one of the most revolutionary pieces of social legislation in the history of [Barbados]". The Act enabled persons residing on a tenancy¹² for at least five consecutive years or five out of the last seven years to purchase the freehold of their lot. In the case of plantation tenancies the price was set at 10 cents per square foot. This Act has led to hundreds of Barbadians being able to own their house-spots for the first time.

In the post-Independence period Barbados has experienced some transformation in the quantity and quality of its housing stock. This transformation has been island-wide and has helped to reduce the rural-urban distinction which was particularly visible in the past. Overall improvements in income levels occasioned by human and physical resource development has contributed to better living standards and increasing expectations. Government has facilitated the process by direct investment in the provision of housing as well as a range of policy initiatives to encourage private sector/individual building of houses. This has created the foundation to improve the provision of housing and to encourage home ownership.

¹² The tenantry system had its roots in the immediate post-Emancipation method of labour-tying known as the located labour system initially characterised by plantations providing rented tenement units in exchange for labour. In response to this, the labouring classes acquired moveable chattel houses located on rented plantation lands thereby creating plantation "tenancies".

Growth and quality of housing stock

The census data for 1970 to 1990 indicate that the housing stock grew by 16,572 (28.3 per cent) to reach 75,170 units as at 1990. This represents an average annual growth rate of 1.3 per cent per annum over the period. Though there was some slow down in the growth rate during the second decade, the existing housing stock still grew by an average of 766 houses annually.

The proportion of wooden houses to total houses for the entire country declined from 75.3 per cent in 1970 to 39.9 per cent in 1990. While wooden houses still accounted for the single largest category of houses, the growth of concrete and wood and concrete houses was spectacular over the period. In 1970, concrete-block houses were 10.8 per cent of total houses as opposed to 35.5 per cent in 1990. Similarly, wood and concrete houses moved from a mere 4.4 per cent to 21.3 per cent over the same period. According to *Habitat II – The Barbados National Report and Plan of Action (1998)*, the increasing trend towards the building of wall houses is rooted in socio-economic factors such as the desire to avoid the stigma associated with living in a chattel house; the fact that wood is expensive and susceptible to termites thus making maintenance costs high; and the fact that wooden structures are more prone to fire and therefore relatively more expensive to insure.

The growth in the number of houses was accompanied by improved quality housing as evidenced by the movement away from wood structures. This move toward wall structures was supported by improvements in other housing conditions such as electrical lighting, gas for cooking and water toilets. At 1991 some 92.6 per cent of the housing stock had electrical lighting, 84.5 per cent used gas for cooking, 93 per cent were equipped with tap water and 66.3 per cent had water-borne toilet facilities.

Fiscal measures

Over the past two decades much of the emphasis of the Government has been on the implementation of a number of fiscal measures aimed at promoting home ownership, the maintenance of the housing stock and facilitating the construction of houses by the private sector. These measures included:

- The provision of allowances on income taxes for payments to mortgage interest which varied from a deduction of \$6000 at its inception in 1979 to full deduction in 1986. The deduction was discontinued in 1992 as a consequence of the structural adjustment programme and restored in 1995 with a ceiling of \$3500.
- The provision of a rebate to developers who construct single or condominium units for sale in any fiscal year;
- The implementation of a sliding scale for land tax payments with the objective of reducing the cost of home ownership;
- The modification of the property transfer tax regime to assist local purchasers in buying houses;
- The granting of allowances to house-owners who convert their units from ownership to rental purposes;

- The provision of a tax allowance of 20 per cent of the rents paid during the year up to a maximum of \$1800;
- The provision of tax allowances for the maintenance, repair and/or improvement of dwelling units. In relation to chattel houses this measure makes provision for the installation of water and plumbing in preparation for the full conversion of the unit from wood to concrete. The level of allowance increased from 4 per cent of the improved value to full deduction in 1986.
- The adjustment of water rates and the associated costs of the service to beneficiaries in an effort to make the service more cost effective while at the same time assisting households in affording it.

Table 3.7
Selected indicators of housing conditions in Barbados 1970, 1980, 1990

Housing Condition	1970	1980	1990
Water	60.4	82.4	92.6
Toilet: Pit	n.a	52.2	32.1
Water-borne	n.a	43.6	66.3
Fuel: Gas	n.a	66.4	84.6
Kerosene	n.a	27.2	8.0
Wood	n.a	0.6	0.2
Telephone	n.a	n.a	68.2
Television	n.a	n.a	84.8
Outer Wall: Wood	75.3	57.3	39.8
Wood & wall	4.4	11.7	20.3
Wall	19.3	26.2	39.7
Other/N.S	1.0	4.8	0.2

Source: Barbados. Population and Housing Census, cited years.

Housing finance

In the area of housing finance, the major indirect intervention has been through the manipulation of the mortgage interest rate. The Central Bank of Barbados which determines monetary policy is responsible for regulating the prime lending rate and with regard to mortgages has, from time to time, shifted the mortgage rate. Since mortgage agreements in Barbados contain a variable interest rate clause which permits adjustment in the interest rate at three months' notice, the Central Bank's involvement in setting these rates can force lenders to lower the rates on existing mortgages regardless of the cost of money. Since 1976, the Central Bank has intervened on a number of occasions to alter the rate.

A number of initiatives have also been undertaken to facilitate home ownership among lower income groups. For example, the government has also amended the General Workers Housing Loan Scheme to extend the loan repayment period from twenty to forty years. Similarly, through the Barbados Mortgage Finance Company, the government was able to

finance the construction of timber units granting mortgages for up to fifteen years compared with its commercial counterparts whose maximum loan period was seven years.

In terms of direct interventions, the major measures have included: a \$20 million loan to the Barbados Workers' Union for a mortgage financing scheme; an allocation of \$8 million to the National Housing Corporation for on-lending to beneficiaries for housing construction and repairs; providing \$4 million to the Barbados Mortgage Finance Company; disbursement of more than \$10 million in loans under the General Workers Housing Loan Fund (Labour Welfare Fund); guaranteeing the full payment of principal and interest on mortgages to owners of chattel houses; providing \$20 million under the Housing Guarantee Programme for on-lending through private sector institutions for housing related purposes to households whose incomes were below the median level.

Institutional development

Apart from its intervention through fiscal and financial policy, the Government has been adapting its institutional structure to meet the housing challenge. While these changes have been mainly to facilitate its direct interventions, some were also intended to facilitate housing policy formulation and to achieve a systematic approach to social policy planning in the area of housing.

The National Housing Corporation was created in 1973 to replace the Housing Authority and the Urban Development Commission thereby assuming responsibility for all property and liabilities of the two entities. The Corporation has very broad responsibilities and has developed several programmes to realise its objective of housing development, including a maintenance programme for its property, a house-building programme with units being constructed for sale and rent and a sites and services programme.

The public rental house construction programme is the principal element in Government's direct intervention in the housing market. In this respect, the National Housing Corporation currently controls approximately 30 per cent of the nation's rental stock – a proportion indicative of the significant involvement of the Government in this area of housing. The underlying philosophy of this programme is that it affords Government the opportunity to fulfil its social obligation to upgrade the living conditions of low-income families.

The public rental house construction programme was financed by the National Housing Corporation largely through annual subventions from the Central Government since the rents were heavily subsidized and rental income was insufficient to finance the programme. Disbursements to the programme ranged between \$5 million and \$8 million annually when the programme was at its most intensive in the 1980s. This funding was discontinued in the late 1980s and into the early 1990s during the period of structural adjustment and restarted after this period ended.

Associated with this house-building programme for the rental sector is an active maintenance programme including carpentry, masonry, plumbing/sanitary and electrical repairs. This programme also includes the upgrading of older units in order to comply with revised

minimum acceptable building and health standards such as, for example, the replacement of asbestos roofs of the earlier rental units. At the same time the Corporation is also involved in the provision of water borne facilities in units once served by pit latrines, the replacement of wooden floors with masonry and the upgrading of the plumbing and electrical components in some of the older units. In response to high maintenance costs and increasing levels of arrears the Corporation has implemented an interesting policy of selling rental units to their occupants on favourable terms whereby a proportion of the rent paid is applied to the purchase price with the result that more than 90 per cent of the single units available to occupants have already been sold.

While the building programme has generally been financed by injections of funds from the Central Government, the maintenance programme whose annual cost averages \$3million is financed largely by rental income. On average, the combined house and land rent collected accounts for 65 per cent of the annual income of the Corporation with house rent contributing the greater share, representing some 90 per cent of total income.

In response to increasing demand and limited public sector financial resources, and guided by a philosophical approach which sought to encourage greater private sector participation, the Corporation has initiated joint venture programmes with private contractors. There is, for example, an active "sites and services" programme in which Government services the lots while private builders construct houses for sale on them. The building programme also includes the relocation of houses, the rental of houses and house spots and the insurance of rental units.

The implementation of the "starter house" programme in 1985 represented an innovative attempt to address the issue of affordability. The concept builds on the traditional approach to housing construction while at the same time addressing certain difficulties in the market. An analysis of prevailing market forces in the lower middle and below income groups suggested that the financial outlay necessary to cover up-front expenses inclusive of the initial mortgage down payment and transactional costs were cumulatively beyond their means. In addition, building contractors held the view that the prototype masonry units, with a floor area of less than 600 square feet were uneconomical to build and unmarketable. The demonstrated demand for the starter unit was considerable and although the project was suspended during the structural adjustment period of the early 1990s, it is now expanding rapidly.

Beyond its sale of property programme, the Corporation administers a General Workers' Housing Loan Scheme which seeks to enable general workers to: construct or purchase a house; repair, alter or extend a house; relocate a house; purchase land; and discharge mortgages. For the purposes of the Act, a "General Worker" is defined as a person working for less than \$502.00 per week and the worker is entitled to a maximum loan of \$40,000.

The Housing Credit Fund was created in 1983 to administer the USAID Guaranty Loan. The primary objective of this fund is to provide housing finance for persons who would not ordinarily be able to access traditional sources of funding. Its principal responsibilities are to:

- Distribute funds through private sector housing financing agencies;
- Support programmes for home improvement, new house construction and the Purchase of land under the Tenancies Freehold Purchase Act;
- cover all funds lent to financial institutions;
- Provide through reflows, a pool of funds for continued lending in the housing sector.

The Fund has become actively involved in a number of successful projects which support house construction and by the end of 1998 had disbursed approximately \$31 million in loans through financial institutions such as commercial banks, mortgage companies and credit unions. The Housing Credit Fund has therefore become a major force in the mortgage/finance market even though its qualifying limits in terms of the annual salary of applicants requires constant revision in view of progressive salary increases.

The Housing Planning Unit was established in 1979 to enhance the developmental and planning skills within the Ministry of Housing. Initially, the Unit was charged with the responsibility of preparing a development plan for housing and to develop and manage specific programmes within the context of the plan. However, the duties and responsibilities of the Housing Planning Unit have now expanded to include all elements of policy formulation and planning for the housing sector as well as project implementation and coordination. With the expansion of Government's direct intervention in the housing market and the passage of the Tenancies Freehold Purchase Act (1980), the Unit became the executing agency for Government legislation. The Housing Planning Unit also has general responsibility for the administration of the Housing Credit Fund. The Unit now maintains a database of all qualified tenants and through the National Low Income Project, roads are constructed, electricity and water installed and serviced lots created for sale to persons who meet the agreed criteria.

The demand for housing

The Division of Housing's estimates for 1995 suggested an annual need for approximately 3,500 houses to satisfy the requirements for new units and for replacements to the existing housing stock for whatever reason. For much of the late 1980s and early 1990s, 70 to 80 per cent of this estimated need was met through annual increases to the stock of approximately 2,300 units, suggesting an annual deficit of some 1,200 units.

Housing for disadvantaged groups

The Poor

The *White Paper on Housing* (1997) states that "fulfilling the housing needs of disadvantaged groups creates the greatest challenge to Government's goal of providing adequate shelter for all by the year 2000". This assessment is based on data presented which show that

some 36,000 persons, or 34 per cent of the labour force, earn less than \$200 weekly which automatically excludes them from acquiring housing in the formal market both in terms of affordability and qualification. Another 27,000 earn between \$200 and \$300 weekly, accounting for 25 per cent of the labour force. In relation to households, results of a survey of the urban area where some 40 per cent of the population live indicate a median household income of \$14,000. Based on these data, it is clear that in the absence of cheaper housing or some form of subsidy to assist select households, some 60 per cent of Barbadians would be unable to afford a home in the formal market since their income would disqualify them from either purchase or available mortgages.

The needs of the poor are currently being addressed by the Welfare Department, the National Assistance Board, the National Housing Corporation, and more recently, the Poverty Alleviation Programme. In addition, a number of voluntary agencies such as the Salvation Army and a number of other churches are involved in the effort at housing the "poor". The Welfare Department deals with the indigent and in this respect the rents in public sector housing units are paid for qualifying persons. The National Assistance Board builds and repairs houses for the elderly poor and the indigent at a non-cost recoverable basis. There are currently more than 500 welfare houses while the Board repairs approximately 200 annually. The National Housing Corporation builds and manages rental units which it allocates to applicants who earn less than \$2,178.65 per month.

Apart from the elderly poor, the pattern of housing among the growing elderly population is also a matter of concern. A feature of the housing patterns of this group relates to their sole occupation, very often of large homes resulting in the under-utilisation of space, loneliness, lack of care and associated problems. In addition, maintenance of homes presents a real challenge for this group: since pensions are often inadequate even to meet immediate basic needs of food and clothing and their housing circumstances are characterised by increasing dilapidation.

There has been a rapid increase of private sector elderly care facilities and nursing homes over the last two decades but they generally operate at capacity and cannot satisfy the total demand. Barbados has been experiencing an ageing of its population over the past two decades, and this may increase the demand for such facilities. The National Assistance Board provides the Black Rock Hostel and the Golden Rock Home for elderly persons who have either been abandoned or are incapable of taking care of themselves or whose houses are in a dilapidated state; however these are of extremely limited capacity. The major challenge now facing Government is to produce units that are designed to meet the needs of the elderly in environments which allow them to maintain an independent lifestyle without losing community support.

The homeless

Though homelessness in Barbados is not a large-scale problem, it is still a major cause for concern given the nature of the problem. Most of the cases are related to mental health problems, drug use, house fires, evictions or basic poverty. The latter three cases are normally addressed through the emergency efforts of the social welfare agencies. Most of the mental

health and drug abuse cases entail a different type of homelessness where those affected are voluntarily homeless, roaming and living off the streets.

The Sir Clyde Gollop Shelter which is operated under the aegis of the National Assistance Board provides night shelter for persons, and the Salvation Army is currently in the process of rebuilding its hostel after the old one had been demolished after becoming derelict. The most recent development has been the establishment of a multi-disciplinary Task Force on Homelessness whose terms of reference are to:

- (a) Inquire into the problems of homelessness, vagrancy and beggars in Barbados;
- (b) Make recommendations to the Government through the Ministry of Health and the Environment for solutions to these problems; and
- (c) Develop a draft policy framework and approach on the issues of vagrancy, homelessness and begging.

Battered women

The reported incidence of battered women has been increasing even though, as elsewhere, the problem is thought to be highly under-reported. This problem cuts across all social groups and often involves children. One of the major challenges facing such a shelter is the issue of confidentiality since the island is so small. Nevertheless, a shelter has been opened in 1999 mainly through the efforts of a private sector agency – the Business and Professional Women's Club.

The role of Government in the housing sector has therefore gradually shifted over time from that of direct provider to facilitator resulting in the establishment of a number of institutions to create this enabling environment. A number of indirect measures have also been used to influence housing market forces. On the other hand, the role of direct provider is largely effected through the operations of the National Housing Corporation which caters primarily to lower income and vulnerable groups. The available data suggest that the housing conditions in Barbados have improved significantly over the past three decades [see *Table 3.7*].

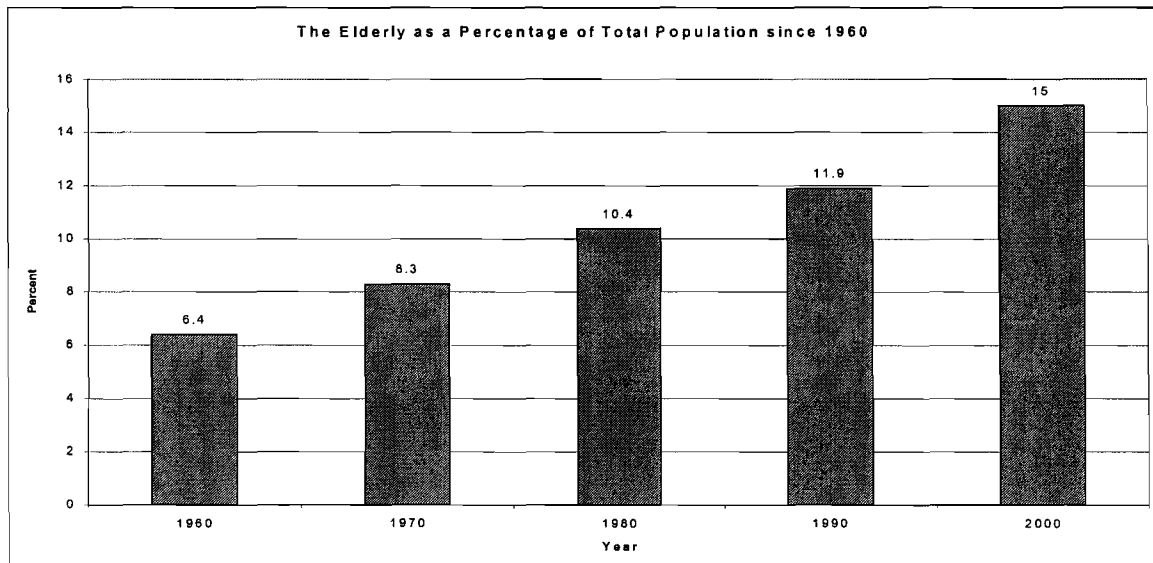
The *White Paper on Housing* (1997) has identified the major housing issues in Barbados as those related to the land market, the structure and conditions of houses, insurance, housing for disadvantaged groups, the building industry, the housing finance market and urban renewal. It is within this context that the goals and strategies to respond to these issues have been articulated together with the appropriate implementation mechanisms (see *Annex 3*).

3.2.7 Policy for the elderly

This century has seen a dramatic increase in both the number and proportion of the elderly (65 years and over) in Barbados as the country moves along the demographic transition creating a population profile which, in many respects, more closely approximates that of a developed than developing country. A number of factors including declining mortality rates, declining fertility rates, age selective migration and increased life expectancy have created a

situation where the elderly are now estimated to account for 15 per cent of the total population of Barbados.

Chart 3.1



Source: Barbados National Report on Population, 1994

The first half of the twentieth century essentially saw a continuation of the limited social policy response to the social circumstances of the elderly that had characterised the early post-Emancipation nineteenth century. The needs of the elderly were met at three basic levels: family and self-help; private philanthropy; and limited governmental provision primarily through pensions, poor relief and residential care. The available survey data indicate that poverty, social isolation and a wide range of social psychological problems confront the elderly, and as the elderly population increased their needs became more glaring and the imperative of social policy response more urgent. The post-Independence period, therefore, and particularly the last two decades of the twentieth century saw a much more deliberate and organised response to the needs of the elderly.

Financial assistance

The main elements of financial assistance for the elderly are through a range of pensions and benefits which fall under the National Insurance and Social Security Act and are administered by the National Insurance Board. The formalised system of social insurance which now exists emerged in 1966 after decades of debates and reports and now makes provisions for the following benefits in respect of the elderly: old age pensions and grants (contributory and non-contributory), funeral grant and survivor's benefit.

Although the non-contributory old age pension dates back to the days of nineteenth century poor relief its formalisation came with the Old Age Pension Act of 1937 which offered means-tested provisions for persons aged 68 years and over. After several years of administrative change this scheme was finally brought under the National Insurance Board in

3.3 The social infrastructure and environment

The role of the media

In the context of the Caribbean, Barbados has an extensive media network both in terms of print and electronic media. There is a long history of print media in Barbados with published newspapers going back to the seventeenth century. There are currently two daily newspapers with impressive circulation rates [see Table 3.8], one of them – The Barbados Advocate – having been established in 1895. There are also two weekly and one bi-monthly newspapers as well as a number of magazines on specific social and economic issues such as business, young people and tourism that are published regularly by the newspaper companies. In addition, a large number of NGOs and interest groups publish monthly and quarterly magazines and newsletters with relatively substantial national circulation. In terms of the electronic media, there are seven local radio stations (one AM and six FM) and one local television station¹⁴ as well as access to cable television through the local television station or by direct satellite connection.

Table 3.8
Average circulation daily newspapers in Barbados

Newspaper Company	Weekday	Friday	Sunday
Advocate	15,000	17,500	22,500
Nation	24,000	36,000	50,000

Source: Newspaper reports

The masthead of the Barbados Advocate carries the caption: For the cause that lacks assistance; 'Gainst the wrongs that need resistance; for the future in the distance; And the good that I can do. This message effectively captures the contribution of the media in Barbados to the enabling environment for social development in Barbados for apart from the relatively wide circulation and reach of the media in Barbados, there has historically been a strong tradition of public education as well as social, economic and political analysis. Both daily newspapers feature regular columns by individual socio-economic and political commentators (including weekly columns by all three major political parties) as well as structured inputs from a range of established non-governmental organizations on specific interests. In addition, regulations in Barbados reserve 10 per cent of broadcast time in the electronic media for the Government Information Service which is primarily concerned with public information on areas of governmental activity and public interest.

This relatively extensive media network has meant that the Barbadian population has generally been well informed about national issues as well as international developments which impact on national development. The average Barbadian has therefore been able to bring a level of consciousness and awareness to national debate on issues of socio-economic development that has ensured a level of consistency in policy-making that might otherwise not have been the case.

¹⁴ According the Barbados Population and Housing Census, 1991 almost 85% of Barbadian households had a television.

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Visitors to the island are often moved to comment on this heightened level of awareness and information on issues of global (and local) significance and on the capacity of the average Barbadian to comment intelligently on the impact of these issues on national development.

Apart from its scope, the independence of the Barbadian media has also been an important factor in the enabling socio-political environment of Barbados. The Caribbean Broadcasting Corporation which manages the lone local television station, and two of the radio stations is publicly owned and all of the other media houses are private companies. As a consequence, the Barbadian media has largely been independent of political control and has been free to assume a central role in shaping public opinion and to provide critical analysis of governmental policies unfettered by party political considerations. In this regard the Barbadian media has gone beyond the reactionary approach to issues of public concern to taking the lead in the sensitisation and mobilisation of the public. This role has recently been taken to the point where media houses have been themselves organising town hall meetings around various social issues and thereby galvanising public reaction.

Physical and infrastructural factors

Barbados differs geo-physically from most of its Caribbean neighbours. Whereas the majority of the islands in the chain were created through volcanic activity, Barbados' origins are essentially through coral accretion. As a result the relatively flat and gently rolling terrain of Barbados contrasts sharply with the steep forested mountains of its closest neighbours. This topography together with its geographical location as the easternmost island of the Caribbean chain were critical factors in its early history and continue to impact on its social development. The flat terrain made sugar cane cultivation that much easier than elsewhere and, as the first port of call for the transatlantic slave ships, there was always a ready supply of labour. By the mid seventeenth century therefore, within thirty years of settlement, Barbados was already heavily cultivated and densely populated.

The flat terrain and dense population have contributed to Barbados having, in proportionate terms, the most extensive road network in the Caribbean. This network includes over 1,500 kilometers of major roads which provide ready access to all parts of the island through a series of highways which cross the island in both east-west and north-south directions. This highway system links the capital of Bridgetown with the other minor towns as well as the air and sea ports. In addition, there are approximately 1,475 kilometers of paved secondary roads which are linked to the main roads servicing all parts of the island. With no rivers, mountains or deep valleys to traverse, this extensive road network has created a situation where it is possible to physically travel from any point in the island to any other in less than an hour.

Barbados has an extensive public transportation system organised through the publicly owned Transport Board and a network of privately owned "public service vehicles" which service the entire island. Most routes are serviced from as early as 5:00 a.m. and until 12:00 midnight and the fare is standardised at \$1.50 regardless of the length of the journey. As indicated elsewhere, the elderly (65 years and over) travel free on the Transport Board buses on presentation of their National Identification Card and there is also a subsidised fare for school children in uniform.

In terms of international communication, the Grantley Adams International Airport (even now in the process of expansion) can accommodate any size aircraft and in fact is one of the few countries in this hemisphere with a regularly scheduled Concorde service. Similarly, the Bridgetown Port has berthing facilities to accommodate even the world's largest cruise liners many of which dock there as part of their Caribbean schedule. In addition, Barbados offers its citizens and those resident and doing business in the island state of the art satellite communication with virtually anywhere in the world. At the last census (1991) almost 70 per cent of Barbadian households had telephones (*Table 3.7*) and there is international direct dial facility to almost anywhere.

The Barbadian population enjoys universal access to safe drinking water. The 1991 census indicated that approximately 93 per cent of households had running water (*Table 3.7*) and most other households were within walking distance of a standpipe (public water supply). Although the quality of the water is high and the supply reliable, Barbados has been classified as a water scarce country and a desalination plant is currently under construction as an element in the water supply and management programme. In respect of liquid waste disposal the Bridgetown sewerage treatment plant has been operational for some time and the construction of sewerage systems for the south and west coast settlement corridors is well advanced. As far as solid waste is concerned, the Sanitation Service Authority is the government agency responsible for the collection and disposal of refuse, street cleaning, the operation of public baths and conveniences and the administration of five public cemeteries. The current refuse disposal system consists of a Pulverization Plant and the Mangrove Landfill¹⁵ and there are incinerators at the Queen Elizabeth Hospital and the Bridgetown seaport.

These features of the Barbadian physical infrastructure particularly with respect to transportation and communications are important elements of the enabling environment for social development. Barbados enjoys an advantage over many of its Caribbean neighbours particularly in respect of the quality of its road network and its system of public transportation. The excellent physical access to all parts of the island has meant that geographical access to social services is not as problematic in Barbados as it is in many of the other islands. It has also meant that the costs associated with the delivery of these services is proportionately reduced since transportation and communication are often substantial cost elements in social programme delivery. Barbados has therefore not had to deal with the issue of extensive decentralisation of services simply to facilitate access to geographically isolated communities, which faces even some of the smaller islands as a consequence of their topography and limited transportation and communication network. There are however Rural and Urban development Commissions to cater to the 'rural' and 'urban' needs of the country.

The NGOs and interest groups

Any examination of the enabling environment for social development in Barbados would be incomplete without some examination of the role of non-governmental organizations and interest groups in creating and influencing that environment. In fact, an examination of the

¹⁵ A new landfill at Greenland has been one of the most controversial environmental issues of the past five years with strong opposition from an environmental lobby to the location of the landfill in an area designated a national park.

sectoral discussions on social policy development presented here indicates that the NGO sector has been a major factor in social programme delivery, particularly in respect of the personal social services such as programmes for the poor, the elderly and the disabled. The history of the development of social policy in Barbados clearly shows that many features of the social welfare programme such as social assistance, social insurance and child welfare had their genesis in the work of non-governmental organizations. (Carter, 1987).

Even in the pre-independence period there was an impressive corps of interest groups and service clubs promoting specific aspects of social programming such as the Association for the Blind and Deaf (1950), the Child Health Committee (1954), the Soroptomists Club (1962) and the Barbados Association for the Mentally Retarded (1963). Barbados now boasts local branches of almost all the major international service organizations such as Rotary, Lions, Kiwanis and the Red Cross, which have been making a substantial contribution to the social services. The Roett & Joseph Report (1998) estimates that the contribution from this sector to children in care, those on the welfare roll and senior citizens alone totalled some \$100,000.00 in fiscal 1995/96.

Quite apart from its direct involvement in social programme delivery, the NGO sector has played an important catalytic, advocacy and monitoring role in the social development of Barbados. Many of the international service clubs have developed particular focal points within the whole spectrum of social development such as the Lions Club (the blind) and the Soroptomists (the elderly) and then organised activities such as lectures, workshops and public information campaigns in promotion of the interests and concerns around that focal point.

There is no strong tradition of pressure group political activity in Barbados, however the post-independence period has seen the emergence of a number of groups and organizations agitating for social change or mobilising public interest around specific issues. In the context of the specific social policy areas under consideration here groups such as the Barbados Association of Retired Persons (BARP), the Barbados Youth Development Council (BYDC) and the Barbados National Organization for the Disabled (BARNOD) have emerged representing the interests of retired (and elderly) persons, youth and the disabled respectively. Within education there are a number of relatively powerful and well organised interest groups such as the National Council of Parent Teachers Associations (NCPTA), the Barbados Association of Principals of Public Secondary Schools (BAPPSS), The Barbados Independent Secondary Schools Association (BISSA), the Association of Public Primary School Principals (APPSP) all of which played a direct role in the shaping of the White Paper on Education Reform.

In the area of health policy a number of support groups exist particularly in relation to chronic diseases such as diabetes, cancer, HIV/AIDS and heart disease. Apart from providing support for victims of these diseases and their families, these groups are also involved in public education, mobilising funds to purchase equipment and improve facilities and organising lectures and workshops. In terms of public health there is a relatively well organised environmental lobby which has gained momentum over the past five years or so as a consequence of resistance to the proposed location of a new landfill. This particular case represents perhaps the most explicit example of "pressure group" lobbying in the last decade or so.

The trade union movement has exercised considerable influence on the socio-political and economic environment in Barbados over more than half a century. From the Barbados Workers' Union, which was registered in 1941 to the umbrella Congress of Trade Unions and Staff Associations registered in 1994, the thirty-two trade unions registered with the Labour Department (*Annex 5*) cover the entire range of economic and commercial activity in Barbados. The trade union movement has obviously been concerned with the protection and advancement of the terms and conditions of employment of its membership and by extension the general labour force. Aside from this however, the Barbados Workers' Union in particular has remained faithful to its historical role in defending and advancing the interests of the working class. In this regard the trade union movement has never limited its programming and orientation to the relatively narrow considerations of industrial relations, rather it has consistently given its attention to the full spectrum of issues related to national development. This involvement of the trade union movement has contributed substantially to the level of public education of its membership and the broad masses of the population and has facilitated much more informed judgement on issues. In addition, policy makers have had to be constantly aware of the interest and potential power of the union in respect of ensuring that programmes advanced were consistent with the interests of the masses. This, as much as its industrial relations role has been a central contribution of the unions to the enabling environment for social development in Barbados.

Political stability

In 1999 Barbados celebrated 360 years of unbroken parliamentary rule and although all but the last 50 years took place to the general exclusion of the mass of the population this fact is symbolic of the high degree of stability that has characterised Barbadian political life. Barbados is also one of the few Caribbean islands never to have changed (colonial) hands after it had been settled which in itself led to a level of institutional and administrative continuity that was almost unique in the Caribbean.

The platform for political independence was preceded by a number of constitutional reforms including the introduction of universal adult suffrage in 1950; the abolition of the old vestry system and its replacement by three local Government Councils; and the establishment of a ministerial system in 1954 followed by a Cabinet system in 1958. Barbados therefore went into Independence in 1966 having seen the replacement of the planter/mercantile elite that had dominated political life for three centuries by two major mass-based political parties – the Barbados Labour Party and the Democratic Labour Party. These parties were led respectively by Grantley Adams and Errol Barrow whose stature as political leaders transcended Barbados – Adams having been Prime Minister of the West Indies Federation and Barrow one of the founders of the Caribbean Free Trade Association (CARIFTA) and later CARICOM. They are now two of the National heroes of Barbados.

Table 3.9
Post-independence political elections in Barbados

Year	Winner	Margin
1971	DLP	18-6
1976	BLP	17-7
1981	BLP	17-10
1986	DLP	24-3
1991	DLP	18-10
1994	BLP	18-9-1*
1999	BLP	26-2

- One seat was won by the National Democratic Party (NDP).

Source: Various sources. Compiled by author

Of the post-independence period Duncan (1999) observes that “the regularity and peacefulness of party succession to power between the BLP and the Democratic Labour Party (DLP) has been a significant characteristic despite some challenges to this two-party alternation.” There have been seven elections since independence with the DLP winning three and the BLP four and in that time there have been three changes of government often with major political swings but completely unaccompanied by electoral violence or serious charges of political interference (*Table 3.9*). In fact, Barbados enjoys an international reputation for the “freedom and fairness” of its political elections and a number of its officials have participated in the administration and monitoring of electoral processes in the region and beyond.

Perhaps the most telling statement of Barbadian politics in the post-independence period came on June 7, 1994 when Prime Minister Erskine Sandiford was defeated in a no-confidence motion brought against him by the Opposition Barbados Labour Party. This event followed the increasing unpopularity of the DLP government after the implementation of the structural adjustment programme on the basis of IMF proposals in 1991. The successful no-confidence motion, unprecedented in Caribbean political history was achieved with the support of some of the DLP’s own members of Parliament and demonstrates a supreme level of confidence in the political and constitutional mechanisms.

Barbados’ political stability has created, and in turn fed on, this confidence of its people in its political institutions and processes. It has contributed to a socio-political and economic climate which has promoted investor confidence and a disposition to entrepreneurial risk-taking that would certainly not have obtained otherwise. In addition, Barbados has been able to get on with the business of social and economic development without the disruption or diversion of its energies and resources to deal with social and political instability. Beyond all this however, has been the generalised confidence and self-belief of its people which has allowed the country to meet challenges head on without being overwhelmed by self-doubt. In identifying the major challenge facing Barbados as charting a path of development that is truly transformative Duncan (1999) observes that “certainly, if any country in the Anglophone Caribbean can do it, micro-state Barbados can.”

Social cohesiveness and participation

Barbados' success as a country has been achieved at least partly as a consequence of some basic level of social consensus among, and active participation of key members of civil society. As has already been pointed out, NGO's, the private sector and trade unions have been pivotal agencies both in the delivery of social services as well as contributing to an enabling environment for social and economic development. It is important to note here that the contribution of these agencies has been all the more effective because their general goals and objectives have been consistent with those of mainstream governmental policy.

The social consensus that has facilitated this consistency of programmatic objectives has not developed by accident; rather it has had to be actively created and fostered. However, it is also true to say that the Barbadian social structure more naturally lends itself to the building of this social consensus than almost anywhere else in the Caribbean [see Ross-Brewster, 1995]. Some of the socio-historical factors that have been cited here such as the continuity of metropolitan control by Britain and the labour sufficiency occasioned by Barbados' position in the Atlantic slave trade have created a population without the extreme social differentiation of many of its neighbours. An examination of the ethnic distribution of Barbados' population (*Table 3.10*) shows a high degree of racial/ethnic homogeneity. Similarly, in terms of religion, although there is a relatively high degree of denominational pluralism among Christians, the members of non-Christian religions (Hindu, Muslim and Rastafarian) accounted for just 1 per cent of the total population.

This condition of relative ethnic and religious homogeneity are important in the context of building national consensus and in fact, one of the major theoretical perspectives on social stratification in Caribbean society cites racial and ethnic pluralism as the principal dimensions of stratification. The examples of the relatively plural societies of Trinidad & Tobago and Guyana have demonstrated how ethnic differences can be replicated in party political polarisation with the resultant negative consequences for national consensus.

Table 3.10
Percentage distribution of Barbados population
by ethnic group

Ethnic Group	Percentage
Black	92.5
White	3.2
Mixed	2.4
Indian	0.8
Other	0.1
Not Stated	1.0
Total	100.0

Source: Barbados. Population and Housing Census, 1990

In terms of policies to foster the participation of key sectors of civil society, there has been a consistent policy of ensuring the representation of critical interest groups at the highest level – the Parliament. The Barbados Constitution gives the Governor General the power to

appoint seven of the 21 members of the Upper House (Senate) as independent senators at his own discretion. This power has historically been used to ensure that such interests as religion, business and the trade unions are represented at this level. In similar manner, there has been a general policy of broad-based representation on key Statutory Boards ensuring that, depending on the nature of the Board, the main interest groups are able to impact on policy and thereby make their contribution to national economic and social development. In this regard, the trade unions, the private sector and religion generally have some level of representation in the main administrative agencies of social policy in Barbados.

As has been indicated elsewhere in this section, the period since the 1990s has been marked by a more deliberate attempt at participatory and research-driven social planning. A number of National Commissions, Task Forces and Standing Committees have been established to examine a range of social issues with a view to policy formulation. These social enquiries have taken place in respect of youth, the elderly, the disabled, as well as in education and specific aspects of health policy and there has generally been broad representation from the relevant interest groups in these groupings. One of the more interesting of these agencies has been the establishment of the Committee for National Reconciliation with the objectives to *inter alia*:

- Identify and examine the factors relating to race, class, inequality and prejudice that hinder the evolution of a more peaceful, harmonious, integrated and productive society;
- Provide information on the nature, critical characteristics, extent and dimensions of race relations in Barbados, the opportunity structure, the nature and role of gender in those issues, employment practices, economic opportunities, the critical relationship between race and class, factors that shape economic distribution;
- Establish a programme that will guide and expedite the process towards national reconciliation;
- Extend the concept of social partnership to include all Barbadians so that they all see themselves as important stakeholders in national development.

This Committee, with the broad objective of examining historical social inequality in Barbados and making recommendations for the process of reconciliation, has also followed the pattern of fairly broad representation and through its work programme thus far has sought the input and involvement of a wide range of interest groups.

The structural adjustment period of the early 1990s while creating a great deal of hardship for the Barbadian population also subsequently served as a rallying point for a number of the critical "social partners". The first Protocol on Prices and Incomes negotiated by the social partners – Government, the trade unions and the private sector came into operation in 1993 and called for a freeze in basic wages and salaries except in low income sections of the workforce or through incentive schemes such as profit-sharing and productivity bonuses. This social contract was built on the consensus among the social partners on the need to stabilise the economy and particularly to prevent the devaluation of the Barbadian dollar. This was followed by a second two year Protocol in 1995 that was later extended by another year to 1998 even though the economic crisis which had led to the introduction of the first Protocol had eased.

In April 1998 a third Protocol was negotiated, this time during a period of relative economic growth and stability. This new protocol has matured into a comprehensive social compact addressing a number of vital issues:

It represents an attempt to consolidate and expand the social dialogue model by setting standards for behaviour that is based on mutual recognition, respect and trust...The Barbados model of tripartism and social dialogue has become a major point of reference and study of the social and economic advantages of social dialogue and national tripartite agreements that is gaining ground in the Caribbean (ILO, 1999).

Through this model of tripartism Barbados has effectively shaped a mechanism to promote the development of national consensus around matters of national economic and social development. This, together with other initiatives and policies described, here has brought a level of resilience to economic and social life in Barbados grounded in social cohesiveness in the face of perceived national challenges that has not existed to the same degree elsewhere in the Caribbean.

Monitoring mechanisms

For all of its achievements in respect of social service delivery there is no established tradition of social policy evaluation in Barbados. That situation is changing however, driven by the mutually reinforcing dynamics of conformity to international requirements and the exigencies of reform in the public sector. Nevertheless, the process has been slow since a culture of exposing public sector agencies to scrutiny with a view to measuring efficiency and effectiveness and of collecting and using of information in social impact assessment cannot be created overnight.

With respect to the international dynamic for change, international funding and development agencies have for some time been including formative and summative evaluation as integral features of their assistance programmes. The consequences of this requirement, though specific to the programmes supported by agencies such as the Caribbean Development Bank, the World Bank and the United Nations agencies, has been positive both in terms of creating an environment that is more supportive of impact assessment as well as the objective demonstration of its utility and value.

In spite of the fact that there has not been an established culture of information usage for social impact assessment, Barbados *did* start off with the advantage of a British colonial legacy which placed considerable emphasis on the collection of basic socio-demographic information and the production of official reports on a range of social issues. It is a legacy that is shared with most of its Caribbean neighbours and has given rise to a tradition of records management on which the development of monitoring mechanisms for social development can be based. Even without formal impact assessment being built into social policy programmes, therefore, social planners in Barbados have a sound base of systematic, formal reports which lend themselves to basic evaluation methodologies such as time series analysis and longitudinal studies.

Particularly in the last two decades, as evaluation research and impact assessment have become more widespread, many public sector agencies have developed or strengthened their institutional and human resource capacity to engage in this type of analysis. For example in the area of employment policy, the Manpower Research and Statistical Unit (MRSU) in the Ministry of Labour has been upgraded and restructured for the specific task of implementing a computerised Labour Management Information System. Similarly, the Housing Planning Unit, which had been established in 1979, has evolved with the pivotal responsibilities of policy formulation, planning, project implementation and coordination in the Ministry of Housing. In education, the Government has set up a Policy Planning and Research Unit with similar functions in respect of education policy. Similar initiatives have taken place across the public sector. In addition, a number of governmental departments have set up National Advisory Committees¹⁶ with the responsibility of monitoring policy implementation and advising on new Areas for reform and action.

At the national level the Government itself has articulated a position that the transformation of Barbados will require the Government to be the principal agent and example of change and has set about a comprehensive programme of public sector reform. To pilot this programme the Government has set up the Office of Public Sector Reform, a National Task Force on Public Sector Reform and a Steering Committee headed by the Prime Minister. Among the stated objectives of this programme are to make the public sector customer driven and to create a culture that encourages efficiency, responsiveness, effectiveness and competitiveness. Among the proposed initiatives are the implementation of a Customer Charter Programme for agencies interacting daily with the public to improve quality of service, value for money and expand accountability and the complete computerisation of the service.

¹⁶ Examples of these include the National Advisory Committee on AIDS (NACA), the National Advisory Committee on Education (NACA), and the National Advisory Committee on Youth (NACY). There is also a National Commission on Sustainable Development.

Section 4

Lessons from the experience of Barbados

The UNDP **Human Development Report** (1999) ranks Barbados at 29th out of 174 countries, placing it in the 'high' human development category. This ranking places it ahead of all the countries in Latin America and the Caribbean. Only Canada and the United States of America in the Western hemispheres were ranked higher. This is an enormous achievement, particularly when examined in the context of Barbados' small size and relatively narrow natural resource base. Such an achievement is not accidental but comes as a result of a combination of natural advantages, historical antecedents, cultural elements, and effective political and economic management. The institutional framework and policy measures are critical to the development process.

Perhaps the *first* and most obvious lesson one can learn from the development experience of Barbados is that small size and a narrow physical resource base do not necessarily preclude the possibility of substantial social and economic development. This point has been made on several occasions in the Caribbean within the context of the development potential and viability of small island developing states (SIDS). It is however much easier to articulate theoretically than demonstrate empirically. Of the countries ranked above Barbados on the human development index for 1997, only Iceland, Luxembourg and Brunei-Darussalam are of comparable population size. None of these countries are physically small as Barbados. Barbados is ranked ahead of Malta which is comparable in both population and physical size. The specific features of Barbados' social and economic development experience should therefore provide useful policy and institutional lessons for other small island developing countries as they seek to confront the challenges of a 'new global economy'. Given the quantity constraint (e.g., resource base, market size), the small developing countries must place greater emphasis on the **quality** factor.

The *second* lesson which can be drawn from the development experience of Barbados is the need for sound and purposive development planning. A tradition of development planning and government budgetary policies has been an important feature of the country since the end of the Second World War. Such development planning provides a vision for the country and signals to the business class the general direction in which the government wants the country to go. The development planning exercise, coupled with short-term operational planning (i.e., government budgeting) provides the basis for reflection on past experiences and learning. Development planning in Barbados has been indicative in nature with the Government providing the institutional framework and policy initiative for the private sector enterprises to operate successfully. Development planning provides the context within which small developing countries with limited resources and facing pressures from a dynamic environment can take stock and plan forward in the medium term.

A third lesson derives from the critical nature which human resources development undertaken via expenditure on education and training and health can boost the economic

development process. The Barbados experience adds to the growing body of empirical evidence which shows a positive relationship between social investment and economic development. The socio-geographical and social-historical realities of Barbados have long created an impulse to spend on social services to a much higher degree than in other Caribbean countries. The high density of the population and consequently, a greater threat of epidemic and communicable diseases led to the early investment in health, especially in public health. In addition, the lack of alternatives such as peasant agriculture due to the unavailability of land, and the aspirations of the population beyond the plantation created a demand for education unparalleled in the region. Indeed, in the 1950s and early 1960s, the government actively promoted the emigration of educated and skilled persons to alleviate the problem of surplus of labour in the country. Furthermore, the government's legislation of a school leaving age which ensures that all children are exposed to secondary level education up to 16 years has been instrumental in enhancing the human resource base of the country. Barbados' investment in its human resource capacity has created a labour force whose quality, flexibility, resilience and trainability exceed that in other SIDS in the Caribbean and also in the rest of the world.

The consistency of social expenditure has been sustained in the post-independence period where approximately one-third of current expenditure has gone to health and education alone. Bishop *et al* (1997) in a review of social development in Barbados have noted that gains on the social front were largely due to the initiatives taken by the Government in response to the demands for social services by the population. They further pointed out that "the implementation of the various programmes in health and education were facilitated by a combination of demographic, social, economic and political factors assisted by the physical characteristics of the country" which permit easy access to the social services (p. 24). In his assessment of Barbados' success in the area of health, Ramsay (1995) argued that Barbados was able to surpass the other Caribbean countries because it has a better literacy rate which enabled the health education message to be spread, the best water supply system in terms of quality and distribution, better housing conditions and latrine arrangements and a stronger economy which has provided more funds for expenditure on a health care system. In addition, the topography of the island permits easy access to the range of social services. For example, there are primary and secondary schools in all the parishes in the country. A health care network of polyclinics and district hospitals are strategically located to cater to all points of the country. In the context of health services, Ramsay (1995) concludes that "the lessons to be learned from Barbados' experience is that through well-planned health care policies and programmes implemented by committed health care personnel, it is possible for a middle income country like Barbados to rise from a position of being one of the most unhealthy small island states to surpass many industrialized nations by utilizing low-technology, low-cost public health measures, all in the relatively short-time span of half a century".

The development of the physical and social infrastructure (roads, transport, housing, public utilities) has complemented the development of the social services. The state has played a critical role in the social and physical development of the country over the years. It has been the consistency of government planning and expenditure on these facilities that has served as one of the many pillars of relative prosperity of Barbados in the post-independence period.

A *fourth* lesson which can be derived from the Barbadian development experience is the need to have a strong public education programme to permit popular participation in the decision-making process and to provide the population with vital information of national importance. Barbados has developed an independent media system which can provide the population with vital information and also undertake critical analysis of public programmes and policies. Associated with the public media is the influence of several non-governmental organizations (NGOs) which push particular sectional interest. These NGOs act as important lobbying and advocacy groups which are important to the democratic process.

The post-independence period has been associated with good governance (the exercise of authority, control, management and power of government in the conduct of the country's affairs and use of resources for national development), a respect for political rights and civil liberties (i.e., a democratic tradition) and the development of a respected civil society (that is, the sphere of social interaction comprising a range of organizations outside of direct state control). These features have enhanced the 'social capital' associated with the success of Barbados (Ross-Brewster, 1995).

Any objective examination of the socio-cultural reality of Barbadian society would show that the national motto 'Pride and Industry' is more than a nice-sounding philosophical attraction. It represents a reasonably accurate assessment of the social psyche and disposition of the Barbadian people. The pride which Barbadians carry with them has been, to some degree, misconstrued as ethnocentric smugness and aloofness by many across the Caribbean. The industry which generally typifies their approach to tasks has often earned a label of a people who do not know how to or cannot relax and who take themselves too seriously. Nevertheless, these socio-psychological traits, in the context of the high level of social cohesiveness, participation and monitoring discussed here are important indicators of the role of socio-cultural factors (i.e., social capital) in the national development process. Culture viewed as 'collective identity' or a set of values and attributes, has been an important element in Barbadian development process.

A *fifth* lesson from the Barbadian development experience which can be followed by other SIDS is that careful macro-economic management is vital to the success of the long-term development process. In a small developing country, small mistakes can be very costly to the economic and social fabric. Given that such an economy is constantly subject to external shocks, skilful economic management is needed to avoid any serious economic dislocation. With the exception of a few periods of economic excesses associated with electioneering and borrowing from the Central Bank, economic management in Barbados has been generally good. Inflation rates have been low, fiscal and BOP deficits have been kept under control (except for a few periods), the exchange rate has been stable for over 25 years and monetary and fiscal policies have been supportive of economic expansion and BOP equilibrium. The crisis in the early 1990s brought a new participative approach to managing economic crises with the establishment of a Social Partnership involving the Government, private sector and labour unions. The Government has provided the institutional and incentive framework for the private sector to operate (that is, the legal framework, organizational structure and fiscal incentives). This framework has been critical to the development process. The Government has engaged in direct production over the years, but this approach has not been very successful. In recent years, the Government has privatized many of its operations and enhanced the policy and incentive measures for private

sector development. It has taken a more regulatory and facilitatory role in the economy. The emphasis has been placed on operational efficiency and effectiveness in the public service through the process of public sector reform. Some public agencies have also been restructured to meet new and more pressing demands.

A *sixth* lesson, which can be drawn, is the need for the development of an information/surveillance system to keep track of social and economic developments within and outside of the country. In a small developing country, this information is integral to strategic decision-making. Barbados' information system is fairly well developed (although there are gaps in the social and economic database). Access to the world of information via the media and telecommunications system provides decision-makers with the material to formulate appropriate economic and social policies.

The six factors outlined above have fuelled the demand for high standards. It is national pride that refuses to accept long delays in health care, poor physical plant in schools, potholes in roads, buses failing to run on schedule and garbage not being collected. The ability of three parties to form a social contract in defense of the value of the Barbadian dollar reflects national pride and social consensus fuelled by public information. It is clear that the building of national consensus (e.g., town hall meetings, commissions, meetings) around national, social and economic developmental issues is a *sine qua non* for success on the economic and social fronts. This national consensus would be vital to the future development of the country as it faces many challenges associated with globalization, trade liberalization and technological penetration. To meet these challenges, Barbados would have to strengthen the five factors which have led to its post-independence prosperity. In many respects, Barbados' approach to economic development is similar to that followed by Singapore (see Huff, 1995). Both countries have adopted a strategic approach to government intervention and planning, an outward orientation to economic growth, the movement to a services economy, the development of the human resource base, a stable macroeconomic framework and the promotion of savings and investment. The difference between the two countries is partly one of the degree to which these elements have been emphasized. There are of course differences between the two countries in terms of demography, culture, political orientation, geography and the social and political dimensions of economic planning.

Barbados' development experience however provides useful lessons which other SIDS can follow. One must however be mindful of the social, cultural and political differences between Barbados and other SIDS when seeking to implement measures from the Barbadian experience. Each SIDS would have to tailor the measures identified in this study to suit its own circumstances. There can be no wholesale transplantation of the 'Barbados Model' to other countries. It must be recognized however, that the conjunction of economic, social and political factors is important to the national development of SIDS. In many respects, it is difficult to rank the critical factors which contribute to the long-term development of a country.

Annex 1

**Central Government health expenditure as a percentage of total Central Government
expenditure in countries of Latin America and the Caribbean
1970-1979**

Country/Year	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
Argentina	3.69	4.16	4.15	3.80	2.67	3.16	3.85	5.25	3.72	3.45
Bahamas	...	...	...	...	...	...	...	...	...	...
Barbados	16.50	16.00	16.28	16.44	15.90	16.18	15.16	14.21	15.17	16.71
Bolivia	9.10	9.72	6.79	8.77	11.07	8.25	7.96	7.89	8.69	9.06
Brazil	12.54	10.94	10.59	10.42	11.27	5.83	6.64	5.46	5.83	5.70
Chile	4.25	6.03	6.84	5.90	4.75	5.49	5.16	6.36	6.33	5.75
Colombia	...	7.91	6.43	7.96	8.41	7.61	7.82	6.92	8.87	9.46
Costa Rica	3.12	8.10	6.22	9.54	7.19	6.71	6.16	5.51	6.74	5.66
Dominican Republic	...	10.59	10.31	10.14	9.97	8.83	11.10	10.88	11.51	11.37
Ecuador	...	...	...	...	...	...	11.35	11.15	16.02	15.57
El Salvador	10.53	10.92	10.13	10.61	10.59	10.55	9.41	9.18	8.42	8.56

Country/Year	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
Guatemala	...	...	8.12	8.68	8.30	8.28	6.31	7.11	8.47	8.71
Guyana	6.73	3.73	6.16	6.70	5.77	4.63	3.56	5.86	7.38	6.50
Haiti	7.51	6.25	5.92	6.10	9.43	7.43	6.22	4.26	4.29	6.93
Honduras	9.14	9.08	8.85	10.62	10.32	7.33	10.05	7.95	6.35	6.66
Jamaica	8.74	9.40	8.81	9.19	8.03	7.62	7.19	7.52	6.07	7.67
Mexico	19.17	19.73	17.52	15.85	15.82	13.79	15.58	16.32	15.81	14.69
Nicaragua	5.92	7.08	4.22	5.11	6.02	8.12	6.89	5.27	4.31	10.74
Panama	9.33	9.20	8.93	8.61	8.93	8.42	7.47	7.31	6.60	5.40
Paraguay	3.36	3.26	3.00	3.78	3.24	3.15	3.06	3.09	3.23	4.11
Peru	6.31	5.68	5.91	5.30	5.34	5.24	5.89	4.56	5.51	5.97
Suriname	...	8.89	8.76	9.18	8.86	7.65	8.38	...	...	1.17
Trinidad & Tobago	...	...	...	8.45	6.89	6.79	5.41	5.74	5.33	4.78
Uruguay	...	...	3.31	6.89	8.50	5.49	5.76	5.60	7.18	6.21
Venezuela	7.61	7.09	7.27	7.22	3.25	4.08	5.24	4.76	5.05	5.78

**Central Government health expenditure as a percentage of total Central Government
expenditure in countries of Latin America and the Caribbean
1980-1988**

Country/Year	1980	1981	1982	1983	1984	1985	1986	1987	1988
Argentina	3.26	2.51	2.14	2.11	3.27	3.02	3.21	3.45	...
Bahamas	14.54	14.41	12.65	13.48	16.04	15.85	16.85	17.27	15.74
Barbados	18.28	14.92	14.00	14.17	15.26	13.19	13.42	13.13	...
Bolivia	12.37	7.76	1.94	3.83	1.63	3.11	...	...	...
Brazil	5.25	5.48	5.69	4.76	5.10	...	...	...	...
Chile	6.63	9.03	9.21	8.77	8.60	18.8.	7.54	...	...
Colombia	7.60	9.47	7.83	8.65	5.62	...	...	...	...
Costa Rica	7.93	5.94	6.23	5.03	6.28	2.63	2.38	2.36	...
Dominican Republic	11.50	14.50	9.53	8.48	9.56	7.60	6.85	...	...
Ecuador	12.75	13.21	13.94	15.03	14.44	12.17	11.29	...	...
El Salvador	8.27	7.71	7.23	6.59	7.52	6.77	...	...	...
Guatemala	11.18	7.11	10.78	6.27	7.09	7.38	9.37	...	...
Guyana	6.55	5.86	4.56	5.18	4.35	4.36	3.91	4.74	...
Haiti	5.48	4.47	5.06	...	4.29	4.21	...	...	...
Honduras	5.97	7.30	6.74	6.73	5.66	8.06	11.05	9.12	...
Jamaica	8.96	8.11	8.76	8.39	8.30	8.52	...	...	...
Mexico	12.22	11.03	8.31	6.82	6.84	6.70	5.85	5.74	...

Country/Year	1980	1981	1982	1983	1984	1985	1986	1987	1988
Nicaragua	13.32	12.79	10.71	7.57	7.28	9.11	13.76	...	...
Panama	6.07	6.03	5.97	6.89	6.43	7.36	...	...	...
Paraguay	3.85	4.32	7.22	7.82	8.38	7.82	5.77	4.50	...
Peru	5.62	6.01	5.19	5.41	5.80	6.01	...	...	...
Suriname	1.19	0.87	0.84	0.61	...	...	...	...	...
Trinidad & Tobago	4.14	4.25	5.38	5.97	6.74	7.05	8.47	8.88	
Uruguay	6.68	5.44	4.11	5.42	4.30	5.28	...	...	...
Venezuela	4.66	4.96	5.09	5.20	4.71	4.84	5.22	...	...

Source: Health Conditions in the Americas, 1990, Vol. 1

Annex 2**Sectoral distribution of employment 1985 – 1995**

SECTOR	1985		1990		1995	
	No (000)	%	No (000)	%	No (000)	%
Sugar, Agriculture, Fishing	7.8	8.5	6.6	6.2	5.1	4.6
Construction and Quarrying	7.1	7.7	9.6	9.1	8.8	8
Manufacturing	12	13	11.8	11.2	11.7	10.7
Electricity, Gas and Water	2.3	2.5	1.5	1.4	1	0.9
Wholesale and Retail Trade ¹	20.1	21.8	16.5	15.6	16.6	15.1
Tourism			10.4	4.8	11.9	10.8
Transportation and Communications	5.1	5.5	6.5	6.2	5.1	4.6
Financial Services	3.1	3.4	3.7	3.5	7.6	6.9
General Services ²	34.6	37.6	17.2	16.3	19.3	17.6
Government Services			21.3	20.7	22.9	20.8
TOTAL	92.1	100	105.7	99	109.9	99

Notes: ¹includes Hotels for 1985

²includes Government Services for 1985

Source: Barbados Economic Report 1996

Annex 3**Goals, principles and commitments of national housing policy**

There are a number of underlying goals, principles and commitments which Government will pursue seeking to address the major issues and challenges which are outlined above. These represent both local concerns as well as those which Government agreed as a result of its interactions in, and cooperation at, the regional levels.

Goals

Government has adopted two major goals in its housing policy and these are outlined below:-

- i) Adequate shelter for all
- ii) Home-ownership for the widest majority of Barbadians

Principles

The seven principles which Government adopts in dealing with the above issues include:-

Equity -

This has to do with ensuring that all Barbadians have the opportunity to acquire basic housing, infrastructure, and other associated services. Special provision will be made for vulnerable groups.

Sustainability -

Activity in the housing sector will be geared towards overall economic growth and the creation of lasting employment. At the same time steps will be taken to ensure that our environment is protected through adherence to standards which promote and maintain safe, healthy living conditions.

Liveability -

This relates to the suitability for human living and the quality of life generally. It goes beyond the mere provision of dwelling units by taking into account the hopes and needs of those for whom they are provided. It includes not only healthy living conditions, but also the provision of opportunity for social and cultural integration.

Cooperation -

Cooperation is the bringing together of the various interest groups in the sector in order to work for the successful achievement of adequate shelter for all. These consist of the

private and public sectors and non-governmental and community based organizations. This participatory process benefits from the pooling of resources, sharing of knowledge and the provision of the necessary skills.

Civic engagement and government responsibility -

The principle of civic engagement is based on the underlying notion that all people have basic rights as well as responsibility to accept and protect the rights of others particularly those for the future. Essentially it seeks to ensure that all people are encouraged and have equal opportunity to participate in decision making and development. Mechanisms are therefore required to facilitate this activity. At the same time new attitudes to the role of the technician need to be devised. Government has a responsibility to protect the rights of all citizens including their right to health, and safety and to ensure that the appropriate legislation is instituted to achieve this.

Self-help -

The principle of self-help highlights the need for beneficiaries to recognize their own resourcefulness and to draw on it in solving their housing problems. It is at the same time associated with the notion of affordability and incrementalism in housing construction.

Enablement -

The principle of enablement is important to the concept of sustainable development and the associated principle of civic engagement. It relates largely to the role of government which has traditionally been that of provider and it stresses Government's facilitating role based on a use of its legislative and fiscal powers.

Commitments

Based on the above principles Government proposes to implement policies and programmes which are drafted and executed in cooperation with all key actors. To this end Government makes the following commitments:

Adequate shelter for all

Government commits itself to the goal of improving, and maintaining improved, living and working conditions on a sustainable basis so that everyone will have adequate shelter in environments which are healthy, safe and affordable.

Within the above context Government will pursue the following objectives:

- i) Ensuring that shelter policies and strategies are consistent with overall national economic goals, in an effort to support resource mobilization, employment generation and the reduction of poverty.

- ii) Promoting security of tenure, particularly for those households which have been occupying rented land for prolonged periods of time.
- iii) Promoting access to serviced land especially by the lower income household.
- iv) Ensuring an adequate supply of affordable rental housing both in the public and private sectors, at the same time recognizing the rights and obligations of both tenants and landlords.
- v) Encouraging the supply of good quality housing through rehabilitation, upgrading and continuous maintenance of the housing stock.
- vi) Promoting shelter and the provision of basic services for the homeless, the "poorest of the poor", battered women, the elderly, the disabled and victims of natural and man-made disasters.
- vii) Ensuring a more efficient use of the housing stock by keeping levels of over-crowding and under-occupancy to a minimum.
- viii) Securing the most efficient use of residential land by ensuring that vacant lands, particularly in the urban area and in serviced developments, are brought into occupation.
- ix) Encouraging appropriate, affordable, safe, efficient and environmentally friendly construction technologies, materials and methods.

Home ownership for all

Government is committed to the goal of giving every Barbadian the opportunity of owning a house. This goal is based on the notion that the greatest degree of social progress is possible where citizens have a stake in the country. To this end the following objectives will be pursued:

- i) The strengthening of the regulatory and legal framework to enable housing markets to work and to foster self-help.
- ii) The encouragement of home ownership through the provision of select fiscal and other monetary incentives aimed particularly at those who help themselves.
- iii) Facilitation of home ownership among public sector housing tenants by ensuring that mechanisms are in place to allow them to purchase the units which they currently rent.
- iv) Intervention in the market in the most appropriate form to ensure that the demand for dwelling units is satisfied.

- v) Acknowledgement and harnessing of the potential of the informal sector in providing housing and services for the poor.
- vi) Creation of an environment which protects home owners, particularly mortgagees, from the loss of their property owing to the worst effects of unemployment.
- vii) Increasing the provision of serviced lots and other incremental housing solutions geared to meet the needs of potential new homeowners.

Financing shelter

The availability of finance, on terms and conditions which meet the needs of those who require it, is a pre-requisite for the achievement of a successful housing programme for home-ownership. In its efforts to ensure an adequate supply of money government is committed to strengthening the existing financial market and developing new mechanisms. In this respect its objectives are to:-

- i) Ensure that adequate funds are available to meet the demands for housing in accordance with terms and conditions which make them generally affordable by the households which demand them.
- ii) Create a climate which facilitates the investment of funds, from both local and foreign sources, in the housing sector.
- iii) Target, where appropriate, subsidies to those who are not served by the market while at the same time promoting appropriate credit mechanisms to meet their needs.
- iv) Promote access to financing for all people.
- v) Establish a secondary mortgage market aided by Government, homeowners and financial institutions to help provide Housing Funds.
- vi) Establish a homeowners bank.
- vii) Provide financial subsidies mainly by way of tax allowances extension and deduction should be provided as incentives for private developers to supply low rental accommodation as a Welfare Service for house holds whose circumstances do not yet allow them to contemplate "home ownership".
- viii) Lower the qualification requirements and eliminate certain fees presently charged to facilitate greater access to mortgages by low to middle income households.

- ix) Lengthen the mortgage repayment period and encourage a broader base of joint ventures to include the credit unions to collaborate on -
- Non-payment of negotiable and application fees
 - Extension of time period for commitment fees
 - The offer of 100 per cent mortgages subject to predetermined valuation and loan repayment ratios
 - The provision of one-stop hassle-free mortgage
 - Services inclusive of:
 - legal services
 - insurance services (mortgage, life, protection and property)
 - land tax payment
 - offer of bridging finance at a rate of interest no greater than 1 per cent of the prevailing mortgage rate.
 - Joint housing projects of residential development
 - Educational programmes aimed at:
 - planning your home and mortgage
 - budget/property analysis
 - importance of maintaining building standards.

Enablement

In giving effect to the principle of enablement government is committed to strategies which recognize the role which the various key actors in the public, private and community sectors have to play and the contribution which they can make to the successful implementation of shelter development. In this respect the government will pursue the following objectives:

- i) Exercise public authority and use public resources in a transparent and accountable manner;
- ii) Promote equal access to reliable information utilizing where appropriate modern information technology
- iii) Foster and encourage greater involvement in the policy formulation and implementation processes among the various key actors in the housing sector including land developers, materials suppliers, builders, professionals, community based groups and non-governmental organizations.

- iv) Establish mechanisms which facilitate, and promote practices which actively seek the participation of community groups in the design of programmes and the formulation of development proposals for the improvement of their communities.
- v) Institute capacity-building for shelter management and development activities conducive to the inclusion of broad based participation.

Source: Barbados. White Paper on Housing, 1997.

Annex 4**Total National Insurance benefit payments (\$) 1994 - 1998**

Benefits	1998	1997	1996	1995	1994
Sickness	20,726,720	17,378,913	14,980,105	13,062,496	10,851,947
Maternity	5,807,212	5,389,378	4,776,176	4,574,435	4,260,134
Maternity Grant	266,686	273,243	228,914	218,600	254,583
Invalidity	15,261,607	13,307,798	11,635,738	10,455,592	8,972,531
Contributory Old Age	110,774,585	101,489,043	94,478,357	86,044,246	76,385,931
Funeral Grant	1,325,019	1,041,193	1,074,803	1,007,860	866,758
Survivors'	5,927,278	5,123,381	4,507,946	4,010,396	3,483,605
Employment Injury ⁽¹⁾	9,480,689	8,590,802	6,679,476	5,617,084	4,600,774
Non-Contributory Old Age Pension	52,961,256	53,383,598	49,816,276	49,854,607	49,486,933
TOTAL	222,531,052	205,986,349	188,177,791	174,845,676	159,163,219

Note: ⁽¹⁾ Includes amounts for Injury Benefit, Medical/Travel Expenses, Disablement and Death Benefits.

Source: Barbados. National Insurance Board Annual Report, 1998.

Annex 5**List of trade unions registered as at 31 December 1996**

TRADE UNIONS	DATE OF REGISTRATION
The Barbados Workers' Union	4.10.41
Sugar Producers' Federation	8.12.45
The Barbados Secondary Teachers' Union	31.7.49
The United Taxi Owners Association	11.18.57
Barbados Employers' Confederation	7.9.61
The National Union of Public Workers	15.10.64
The Cane Farmers Association of Barbados	8.4.65
Sugar Industries Supervisors Association	1.3.66
Leeward Island Airline Pilots Association	3.11.69
The West Indies Group of University Teachers	12.11.73
Barbados Union of Teachers	2.8.74
National Maritime Union	30.3.76
National Union of Seamen	5.5.76
Musician and Entertainers Guild of Barbados	16.7.76
The Central Taxi Owners Association	20.6.76
Barbados Association of Medical Practitioners	27.2.80
The Shipping Association of Barbados	18.12.80
Barbados Industrial and General Workers' Union	26.1.81
The National United Workers' Union of Barbados	19.2.82
Barbados Mini Bus Association	1.9.82
Barbados Clerical Union	28.3.83
Barbados Association of Principals of Secondary Schools	4.12.84
Barbados Association of Electrical Contractor Wiremen	24.2.87
The National Democratic Workers Union	4.5.88
The Barbados Registered Nurses Association	22.2.70
Video Owners Association	2.6.89
Barbados Union of Fishery Workers	23.1.91
Clement Payne Labour Union	10.1.92
Telecommunications Employee Union	12.7.93
Independent Sea Port Taxi Union	15.12.93
Sanitation Workers' Union	3.8.94
Congress of Trade Unions and Staff Associations	9.8.95

Annex 6**Statement of current expenditure for the 10-year period 1988 – 89 to 1997 – 98**

<i>HEAD</i>	1988 89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98
Ministry of Education, Youth Affairs & Culture	173,627,866	195,213,118	223,934,708	189,414,254	188,855,195	228,162,755	227,405,870	221,679,842	243,184,203	280,575,211
Ministry of Health	128,125,186	140,497,172	158,497,850	156,405,291	146,668,992	156,595,713	165,272,134	174,151,834	201,338,838	201,174,042
Ministry of Housing, Lands and Community Development	9,631,516	11,611,657	15,271,645	9,852,171	7,748,884	36,892,672	20,736,187	51,154,232	57,300,472	89,329,107
Ministry of Education, Youth Affairs & Culture	14,976,691	35,564,893	63,643,197	18,797,862	17,225,902	7,798,724	19,958,997	16,785,444	29,924,308	37,983,685
Ministry of Health	14,251,241	17,127,622	26,230,593	16,714,839	6,262,845	8,355,180	12,276,356	20,521,581	61,579,504	65,057,018
Ministry of Housing, Lands and Community Development	17,582,855	19,760,690	14,596,150	7,697,883	6,318,120	26,674,206	9,285,381	26,178,961	37,388,934	69,172,982

Source: Barbados Estimates (cited years).

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