THE ECONOMIC DEVELOPMENT OF SMALL COUNTRIES: SOME REFLECTIONS OF A NON-ECONOMIST

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THE ROLE OF ECONOMISTS

As the title of my paper makes clear, mine are the musings of a non-economist. But of one who has worked a great deal with economists especially during my ten years at Sussex in the Institute of Development Studies - one of whose Governing Board members was Lord Balogh, a name not unknown to Malta. I note that in The Times obituary notice earlier this year, there was a reference to Lord Balogh's "contempt for most of the professional work done by economists". As a non-economist I am hardly qualified to assess the professional work of my betters in such trenchant terms. Yet, I must confess to some wonderment at the way the reputation of and demand for economists continue to thrive. Economists, including many recognized as being outstanding, have failed to find formulae to permit their countries (including the U.K.) to control their economies. Yet still, countries poor and rich continue to expend vast - and often ill affordable - resources in getting economists together briefly, in the hope that they will come up with solutions to the economic problems of the host state when they are unable to find solutions to the economic ills of their own nation. Such economists are highly skilled in articulating problems: yet seemingly wholly incapable of producing workable solutions. Yet the conditions they are trying to improve are predominantly (natural disasters notwithstanding) made by man. Could any other profession have thrived so well with such a record? Yet as I have suggested, services of economists were never in greater demand. What President or P.M. does not have his own team of economic advisers? Which academic calendar does not have its quota of conferences, workshops, seminars on largely no, exclusively - economic themes? What has been the outcome for the small countries whose interests are the concern of this seminar? A highly mobile but esoteric union has been created which successfully but incestuously serves its own interests. But what has it done for the inhabitants of those poor small nations whose condition continues to deteriorate while commodity mountains co-exist with starvation and

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malnutrition, and the brain drain from those same small countries co-exists with increasing barriers to immigration outside?

I make no apology for presenting these seemingly "non-economic" issues to a seminar entitled "the economic development of small countries". The substantive point I wish to make is that economic development cannot constructively be discussed in cozy isolation exclusively by economists. No worthwhile development plan was ever produced exclusively by economists. And it is no less certain that no development plan was implemented exclusively by economists. My plea is not merely for multi-disciplinarity. It is above all for interdisciplinarity.

We heard from one of the speakers the sad tale of his failure to achieve inter-disciplinarity with his research undertaking. There is a lesson there for all of us. Economists, in my experience are not the best people at listening to others. Indeed they are often not too adept at listening to each other. Without wishing to appear to bite the hand that feeds me, the opening paragraph of our conference brochure provides a case in point. The very first sentence states, "Until recently, the problem of size in Development Economics has not been given much attention". Philippe Hein [2] demonstrated in his paper that this simply is not so. But enough on the role of economists. I hope I have made my point.

THE CASE OF MANPOWER PLANNING

One common characteristic of small countries is their small population in absolute terms. One effect of those small numbers is the need to go outside for specialist skills. That is but another facet of what Dr. Persaud said in his opening session about "small demands for specialist skills". One of the domino effects of this import of expatriates is the concomitant importation of systems and practices derived from the metropolitan nation of the expatriate. Before the Second World War, this process was accompanied by the dispatch of a very limited number of nationals overseas to acquire higher education and training in the metropolitan usually colonial - nation. Their experience there was, more often than not, wholly divorced from the needs of and conditions in their country of origin. In the last two decades there has been a move - some would say, a belated move - of the location of training to the country of origin of the trainees. Too often this has NOT meant any significant change in the relevance of what is taught there. Rich country models still tend to dominate. Nowhere has this been more so than in the field of manpower planning. I was recently at the University of the South Pacific where this subject was the topic of a seminar on its Fiji campus. Well, it could be said at least that the location was appropriate and relevant. But because the subject was "manpower planning" and because most (though not all) of the professionals participating were economists, no one questioned the conventional theology that as a priority, resources should be allocated. however scarce, to the creation of a manpower planning unit within a planning department or ministry. Yet there were states represented there - Niue springs to mind - whose total population was of the order of

3000. I found it rather unreal to suggest that even one person could be spared to develop a manpower plan. When I commented to this effect, I was told that at a time of tight budgetary constraints manpower planning became more, rather than less, important. But that argument is only defensible if the existence of a manpower planning unit actually results in the production and use of more effective manpower. I found no substantiating evidence to this effect. I was much more attracted by a prescription from another South Pacific state. A paper from Vanuatu suggested that:

"Accurate manpower forecasts are difficult to compile in situations of rapid social change. Nevertheless, an indication of current manpower requirements can be obtained from existing vacancies and posts held by non-nationals in the public sector and some in the private sector".

But even so simple a prescription may have its complications. Are those vacant posts and posts filled by non-nationals really necessary? Or are they posts bequeathed by the colonial government because in the pre-independence era, when circumstances were quite different, such posts could be justified? Colonial governments could afford to be more generous in creating posts than can the economically hard-pressed governments of today's small states. It is germane also to mention that the same comment applies to pre- and post-independence patterns of education. After all, those patterns will determine the sort of manpower you will have available to fill future posts in the public and private sectors. I doubt whether the resources devoted to manpower planning have been justified by their results. Certainly in the field of education planning I agree with Coombs that "the manpower approach provides only limited guidelines". And I suspect that the margin of error in manpower predictions for small countries is even greater than in larger countries. It has scarcely been low there. Maliyamkono reports that in Tanzania (which has a generously staffed planning office), "the planning predictions for skilled manpower requirements left Tanzania NINE times short of real needs".

STANDARD OF LIVING OR "QUALITY OF LIFE"?

This case of manpower planning is but one example of planners failure to see the woods for the trees. Economists in particular are likely to equate development with GNP as a measure of standards of living. The more enlightened may even also think of the distribution of that GNP. My concern is more with the quality of life, which is not the same thing. This fact was brought home to me some 15 years ago when I was working in the Cook Islands. When doing some research for this conference, I looked up the transcript of a broadcast I made at that time on the local radio station - the only effective means of communication in a state comprising 15 inhabited islands with a total population of some 22,000 and a total land area of 100 square miles set in a million square miles of the South Pacific Ocean. Dr. Wilson [4] reminded us during his

presentation that small island states are not only remote, they are remote from each other. I would add they are also often remote within themselves. Consider the problems arising from administering 15 islands in 1m. square miles of ocean. What impressed me then was the quality of life in a country which showed up so badly in the GNP league tables. As I said at the time, what I found in the Cook Islands would be the envy of most of the people I have known in many so-called better endowed countries. Cook Islanders had as their main concern something more than merely staying alive. That is what I mean by quality of life.

PARTICULAR ADMINISTRATIVE PROBLEMS

Let me move on now to the issue of the particular administrative problems of small states. As with the general problems, I would suggest that between you, you must be well aware of what these are. Perhaps my function here is to try to draw together experience gained in a number of small countries. Certainly, I make no claim that this is a definitive list of factors. I hope we can expand and improve it during our ensuing discussion. In the interest of brevity I shall present this in shorthand form since much of what I have to say exists in expanded form elsewhere [3]. I shall here also take up Philip Hein's invitation to make some reference to the inappropriateness of Westminister/Whitehall models for present independent small countries.

I have identified some 19 factors:

First, the most obvious point to which I have already referred. Small states mean small manpower resources including shortages of skilled manpower and training facilities needed to produce them.

Second, public services tend not to increase in direct proportion to population. There are diseconomies of scale in the administration of small states.

Third, because populations are small, the public service clientele is small. This means that specialist services can often not be justified.

Fourth, administrative organization of small states often reflects the organization inherited from the colonial power. Indeed they often differ very little from the colonial pattern. Colonial powers could afford to be less concerned with the costs of administration than their successors have to be.

Fifth, independent states need to provide services which may not have existed in the era of dependence. (e.g., Planning: foreign relations).

Sixth, the distribution of population (pace my Cook Islands example) may create special administrative problems for small states.

Seventh, excepting oil producers, small states have few natural resources, including manpower, already referred to. The range of those natural resources is also limited. This means increased vulnerability to natural disasters and world price fluctuations. We recall what Dr. Persaud had to say about "narrow resource bases".

Eighth, small populations know each other, are often related to each other. This poses special problems if the government is attempting to staff its public service by merit. "Knowing each other" means knowing the political party affiliations.

Ninth, individuals can affect small administrations in a manner impossible in larger states. The public has increased opportunities of access to ministers. (Note: I am not saying this is good or bad: I merely identify the fact as having implications for public servants.) Likewise, junior civil servants have access to politicians over civil service matters including often the "Rights" of appeal over disciplinary decisions.

Tenth, and obviously to nine, in small countries political leaders have the opportunity - indeed are often expected - to oversee administrative detail which elsewhere would be left to administrative discretion. This is what many an aggrieved public servant has called, "interference".

Eleventh, in small administrations there is a tendency towards informal and often unrecorded means of communication. The resulting discontinuities can be inimical to efficient administration.

Twelfth, the isolation of many small states - I do not refer exclusively to island states - has administrative implications.

Thirteenth, the smaller the administration, the smaller the opportunities for a life-time career. This is exacerbated by, inter alia, a common profusion of cadres.

Fourteenth, small administrations mean small spare capacity. This has important training implications.

Fifteenth, we have already noted that small states cannot afford all the training institutions they would like. But international or regional schemes for training have proved very difficult to arrange successfully.

Sixteenth, unjustifiably expensive forms of decentralization and local government have tended to be perpetuated without question more in small states than elsewhere. This has had severe administrative outcomes (the Lesotho case).

Seventeenth, the capacity of small states to obtain appropriate technical assistance and use it effectively is directly related to size. Dr. Persaud, it is true had reminded us that small countries tend to have relatively high aid per capita. There are strong economic reasons for this.

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Eighteenth, I have already referred to Foreign Services in the context of services to be established which did not exist in the colonial era. The very establishment of a Foreign Service with its concomitant overseas missions has a serious impact on the administration. This is compounded by the fact that Foreign Services are often staffed - quite mistakenly in my view - with the cream of the nation's administrators.

Nineteenth, and finally. Key people in small states, and I include officials and politicians, tend to be abroad more often than their peers in larger countries.

TOWARDS SOME SOLUTIONS

That is a formidable though scarcely exhaustive list. If, as I believe, it does not exaggerate the special administrative problems faced by small states, it only remains for me to ask whether small states, under existing arrangements, have a future. Is there a solution to these problems? I am required by the terms of my brief to make at least some tentative suggestions. There can be no solutions of universal application. Some of the factors I have identified would seem to be immutable facts. The first three for example, small manpower resources, diseconomies of scale and small clienteles. All I have time to say in this context is that these issues raise acute political problems to which we should not close our eyes. If smallness per se does imply insuperable problems in practice, is it possible or practicable to have a second look at alternatives. I agree the auguries are scarcely bright. Regional groupings, of a federal nature or not, have not had a very successful history; but things may have changed now. Are former colonial powers likely to look favorably on any proposals for integration? The U.K., it will be recalled, rebuffed the integration proposals of Malta's last P.M. in the late 1950's. That was in my view a great pity. Have things changed? There are some more hopeful precedents: France and New Caledonia, the USA and Hawaii. The issue is bedeviled by defence and security issues.

Then we have a group of factors I have identified which relate to the nature and modus operandi of the public service. For example my fourth point, the inherited organization of the public service; my eight point concerning the factors inhibiting the development of an impartial Civil Service on the often misunderstood U.K. pattern; my ninth and tenth points concerning access to Ministers and so called "interference" with civil servants; my thirteenth point about life-time careers. There are others. It is my opinion that the problems I have identified here are largely self inflicted. They arise because - at least in former British dependencies - the proclaimed model of an impartial, merit based, independently appointed and disciplined service is quite unreal. By legislating for such a model while at the same time failing to observe its conditions, neither public servant or politician is satisfied and great discontent and concomitant inefficiency ensue. As I have written elsewhere, "The roots of many administrative problems lie in society at

large: reforms of administrative systems are not merely a matter for politicians and civil servants".

Those two points, the need for a dialogue involving all interested parties and the relationship between politicians and public officials are the two critical issues on whose resolution depends efficient and effective administration. Almost nothing has been done to resolve these two problems which are as important in large countries as in small, though their effects may be more apparent in small states. Mutual distrust between public servant and political master is the rule rather than the exception. It is usually less obvious than on the occasion I witnessed and recorded in a footnote in the Croom & Helm book I have referred to. It is worthwhile quoting from the minutes. The occasion was the meeting of a training committee in a minuscule African State shortly after independence. The speaker was the Chairman, a Minister of Government.

"...the Minister informed the Committee that the Cabinet was very dissatisfied with the Civil Service. Indeed it was beginning to wonder whether it was wise to accelerate Africanisation because of irresponsibility and disloyalty among civil servants. If Permanent Secretaries and Heads of Departments were loyal, their subordinates would follow their example. We know that when we came into power 99 per cent of the service supported the opposition. Even today that figure is 90 percent. "We ministers", he said, "feel that people are appointed by the Public Service Commission because they are members of an opposition party. We can foresee the time when we shall have to go overseas for recruitment to the Civil Service".

I suggest a change can only be brought about by the revision of the rules or ordinances which regulate relations between the public, the public service and political leaders. And that revision must follow a dialogue involving all those parties.

REFERENCES

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