
INSTITUTIONS, CULTURE & ECONOMIC DEVELOPMENT

Explaining the Divergent Paths of Jamaica & Barbados

Objectives

- To examine the development record of both islands
 - Explore competing economic explanations
 - Provide a complementary socio-cultural explanation
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Fifty years of change

- 1962: Jamaican independence followed soon after by Barbados and other islands
 - Independence of the University of the West Indies
 - First graduating class of social scientists
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A mixed, largely disappointing record

- Persistent poverty
 - Social insecurity
 - Political maturation
 - Cultural production
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Two outliers: Jamaica & Barbados

- Jamaican economic failure in spite of abundant resources and high initial expectations
- Barbadian robust economic development in spite of minimal resources, small size and high population density

The Record:

Standard of Living in Barbados and Jamaica Diverge After Independence



Source: Peter B. Henry & Conrad Miller, "Institutions vs Policies: A Tale of Two Islands" American Economic Review: Papers & Proceedings, 2009, 99:2, 261-267

Some basic comparisons

Barbados	Jamaica
GDP(PPP) per capita \$21,800 (59 th)	GDP(PPP) per capita \$8300 (119 th)
GDP(Nominal) per capita \$14,326	GDP(Nominal) per capita \$5039
UNDP HDI 0.793 (47 th)	UNDP HDI 0.727 (79 th)
Literacy: 99.7 %	Literacy: 87.9

The Record:

Economic Policy and Performance in Barbados and Jamaica After 1973

	Barbados		Jamaica	
	1966–1972	1973–1980	1962–1972	1973–1980
Growth rate of GDP per capita	6.0	2.7	4.2	–4.3
Fiscal deficit, percentage of GDP	2.7	5.3	2.3	15.5
Inflation	6.0	14.8	4.4	23.0

Source: Peter B. Henry & Conrad Miller, "Institutions vs Policies: A Tale of Two Islands"
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Jamaica–Barbados Today: Health

	Barbadian Health stats	Jamaican Health stats
Access to sanitation	100%	96%
Birth rate, crude > per 1,000 people	12.92 per 1,000 people	17.6 per 1,000 people
Dependency ratio per 100	42	60
Drug access	95%	95%
expenditure per capita > current US\$	744.8 \$	175.6 \$
Fertility rate, total > births per woman	1.69 births per woman	2.41 births per woman
Hospital beds > per 1,000 people	7.56 per 1,000 people	2.12 per 1,000 people
Infant mortality rate	11.8 (136rd) in 1,000	14.6 (123rd) in 1,000
Life expectancy at birth, total > years	74.34 yrs (101st)	73.45 yrs (116th)
Physicians > per 1,000 people	1.81 physician/1,000 (73th)	0.85 physician/1,000 (109th)
Probability of not reaching 40	3%	5.40%
Probability of reaching 65 > Male	80.60%	77.50%
Suicide rate > Gender ratio	4 per 100,000 people	2.5 per 100,000 people
Tobacco > Cigarette consumption	542	735
Tobacco > Total adult smokers	9	14.6
Total expenditure on health as % of GDP	6.90%	6.00%





Jamaica–Barbados Today: Crime

	Barbadian Crime stats	Jamaican Crime stats
Assault rate	611.9	421.9 per 100,000 population
Auto theft	88.6	10 per 100,000 population
Burglaries	1,177.40	94.5 per 100,000 population
Drug related crime	580	463 per 100,000 population
Murders > per 100,000 people	15.1	55.2 per 100,000 population
Murders > WHO	9.8	33.7 per 100,000 population, intentional murders
Police officers	548%	273.90%
Prisoners	992 prisoners	4,744 prisoners Total prisoners incarcerated
Prisoners > Female	4.50%	7.30%
Prisoners > Foreign prisoners	14.30%	4%
Prisoners > Per capita	367.0 per 100,000 people	176.0 per 100,000 people per 100,000 population
Prisoners > Pre-trial detainees	22.60%	11.40%
Prisoners > Share of prison capacity filled	302.40%	117%
Rapes	27	50.8 per 100,000 population
Robberies	170.1	90.8
Serious assaults	109.3	220

Explaining the Puzzle of Development

- The Institutional turn in economics
 - Douglas North:
 - rules of the game
 - How game played
 - But institutional sociologists take a more complex view of institutions:
 - Defined as durable structures of normatively enforced, routinized behavior
 - Cognitive; evaluative; affective; and behavioral
 - Formal and informal
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Daron Acemoglu: Colonial Past & Institutional heritage

- Settler mortality  settlements
 -  early institutions  current institutions
 -  current performance
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Acemoglu's basic argument

- Different types of colonization policies created different sets of institutions
 - Colonization strategy influenced by feasibility of settlements
 - The colonial state and institutions persisted even after independence
 - Not the identity of the colonizer but:
 - the condition of the colonies & resulting colonial institution building and policies
 - Rejects geography, culture, race, traditional econ models and planning
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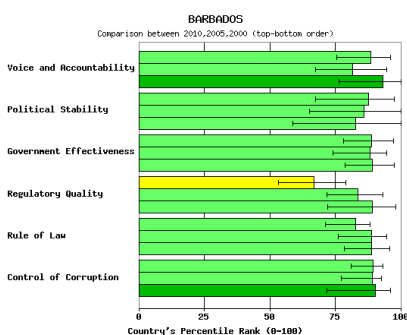
A sympathetic sociological response

- History matters
 - As do institutions
 - But argument neglects critical socio-cultural context and variables, to be discussed later
 - Barbados and Jamaica present an interesting test of the economists' institutionalist position, and especially that of Acemoglu's
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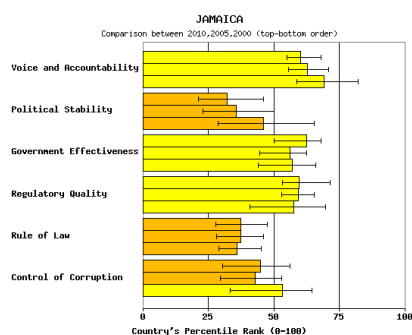
The Institutional Evidence for Barbados & Jamaica

- At first glance the data appear to support the institutional position
- World Bank indicators:
 - Aggregate of views on the quality of governance from a wide range of enterprise, citizen and expert respondents in developing and advanced states

All Indicators for Barbados & Jamaica: 2010,2005,2000

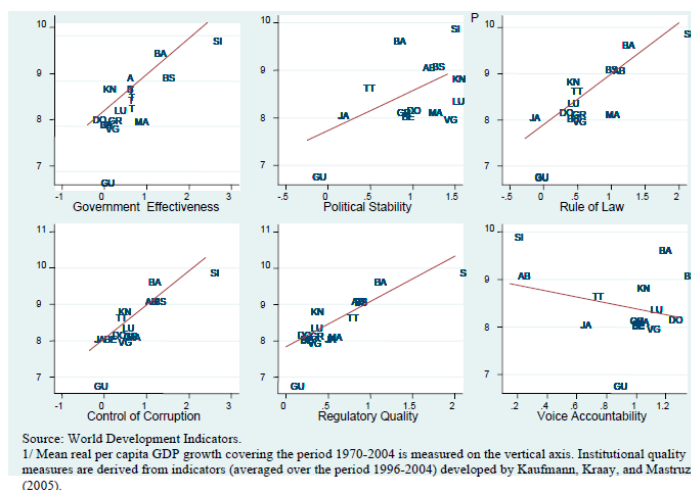


Source: Kaufmann D., A. Kraay, and M. Mastruzzi (2010), The Worldwide Governance Indicators: Methodology and Analytical Issues
Notes: The governance indicators presented here aggregate the views on the quality of governance provided by a large number of enterprise, citizen and expert survey respondents in industrial and developing countries. These data are gathered from a number of survey institutes, think tanks, non-governmental organizations, and international organizations. The WGI do not reflect the official views of the World Bank, its Executive Directors, or the countries they represent. The WGI are not used by the World Bank Group to allocate resources.



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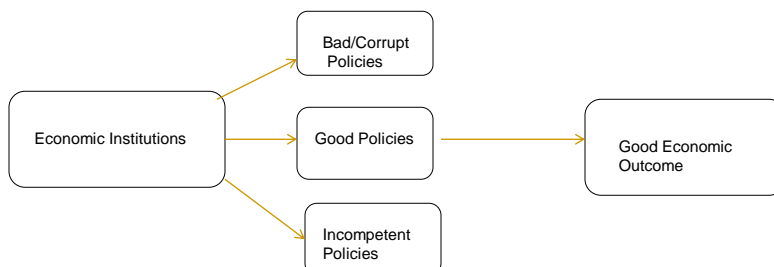
Caribbean Region: Income and Institutions



Michael DaCosta, "Colonial Origins, Institutions & Economic Performance in the Caribbean Guyana & Barbados," IMF Working Paper, WP/07/43

But Peter Henry and Conrad Miller Disagree

- Their claim: Barbados and Jamaica inherited similar institutions from British colonial past
- Hence institutions could not be the explanation for divergence
- Good policy the answer



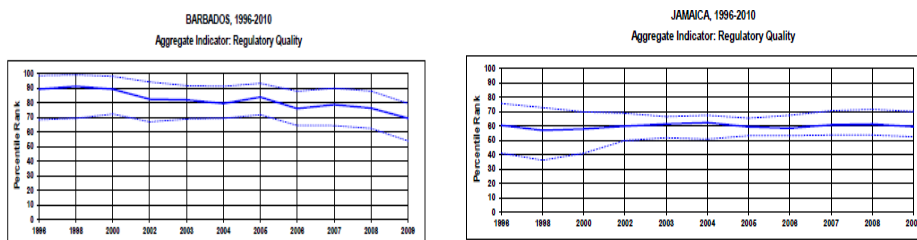
Example of Policy Difference: Expenditure on Education

	<u>Barbadian Education</u> <u>stats</u>	<u>Jamaican Education</u> <u>stats</u>
Average years of schooling of adults	8.7	5.3
Children out of school, primary	572	29,931
Duration of compulsory education	12 years	7 years
Duration of education > Primary level	6	6
Duration of education > Secondary level	5	5
Education, primary completion rate	102	82
Education spending (% of GDP)	7.60%	6.10%
Education spending (% of total government expenditure)	17.30%	12.30%
Enrolment ratio > Secondary level	85%	74.40%
Illiteracy rates, aged 15+	0.30%	12%
Public spending per student > Primary level	22.9	16.2
Pupil-teacher ratio, primary	15.77	27.53
School life expectancy > Total	12.4 years	10.8 years
Tertiary enrollment	38.20%	16.40%
Education enrolment by level > Tertiary level	7,979	42,502

But note Acemoglu on education and institutions

- Agents who have invested in human and physical capital will be in favor of spending money to enforce property rights, while those who have less to lose may not be

World Bank Estimate of Policy & Regulatory Quality Seem to Support Henry-Miller



Capturing perceptions of the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development.

World Bank: Governance Indicators, 2010

Henry and Miller Neglect World Bank Institutional Findings Cited Earlier

- But in their defense it could be argued that there is an endogeneity problem:
 - Good policy leads to robust economic outcomes
 - Which, in turn, greatly improves institutional quality
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The Sociological Approach

- Economic institutions & policies important
 - But economists neglect the elephant in the room:
 - Social & cultural context of growth
 - What we in sociology call the embeddedness of economic institutions and behavior
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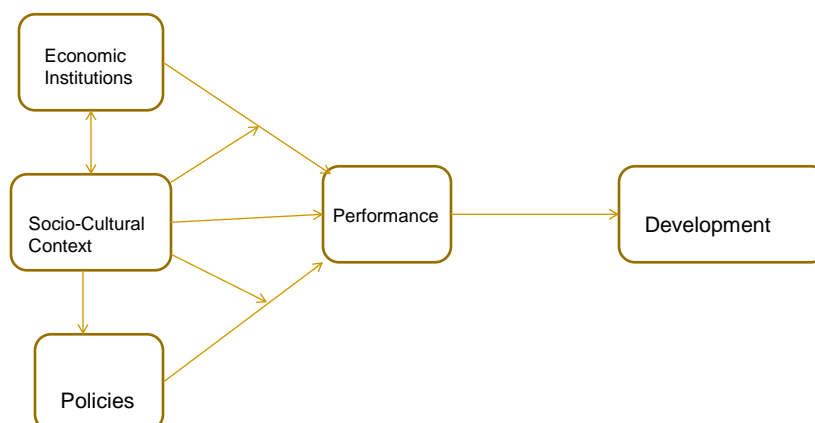
Institutions and Culture

- Institutions are cultural
 - Embedded in broader social, political and cultural system
 - *Degree* of institutionalization critical
 - Recall Douglas North's distinction:
 - Rules of the Game vs How game played
 - How game played depends on cultural priorities, social organization & political system
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Social Organization and Coordination Problem

- The coordination problem:
 - Mancur Olson's theory of collective action
 - Selective incentive and free-rider problem in groups
 - Distributional coalitions and advantage of small cohesive groups with shared objectives
 - Much depends on nature of, & relationship between, major groups
 - Degree of diversity and ability of act with one voice differ in Jamaica & Barbados
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Model of Socio-Cultural Embeddedness



Closer look at Barbados & Jamaica reveals important differences.

REGARDING WHITES:

- ❑ Climate and early history fostered settlement
 - ❑ Ratio of whites significantly higher in Barbados
 - ❑ Lower absenteeism & more elite commitment
 - ❑ More white women and institution building
 - ❑ Striking continuities in ownership in Barbados
 - ❑ Deep and long-lasting representative govt
 - ❑ Entire island devoted to plantation; little spare land
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Differences in plantocratic policies

- Planters more ruthlessly efficient: greater productivity of plantations
 - Pursued natalist policies re slaves from early
 - Much more cohesive than in Jamaican
 - Post-slavery policies brutally effective in controlling labor: eg. 1840 Master's and Servants Act
 - Eventually invested more in human and physical capital
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Racial System different: the significance of the Redlegs

- ❑ Racism as much cultural & economic
 - ❑ Contempt for poor whites
 - ❑ Segregation but no US Southern strategy
 - ❑ Reduced black sense of racial grievance
 - ❑ System segregated but perceived as less unfair than was case in Jamaica where nearly all whites among elite
-

Consequences for Blacks

- Slave population creole and reproductive from early in Barbados vs Jamaica
 - African ratio low from early vs Jamaica
 - Near equal sex ratio
 - Geography and low African ratio led to low level of revolts compared with Jamaica
 - No post-emancipation peasant system
 - Migration or education only way out of poverty– “cult of education” (H. Beckles) from early
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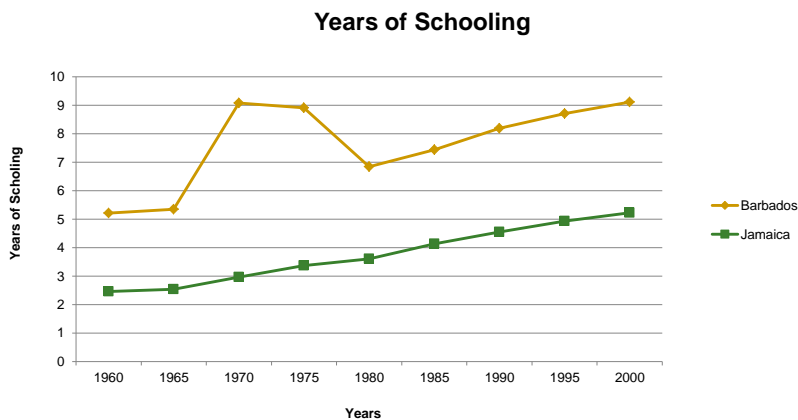
British Self-fulfilling Imperial Policies

- Barbadians perceived from early as:
 - Smarter and more competent
 - Safer (far fewer revolts) & more reliable
 - Hence more resources invested in human capital”
 - Barbadians trained for lower level support roles :
 - In Caribbean, Africa & Latin America
 - Eg. Barbadian police force in Bahamas
 - Same in British Columbia (Belize)
 - Barbadians used in Anglo-Ashanti wars
 - Near end of colonial era Barbadians actively recruited by London Transport systems as immigrant workers, unlike other parts of empire
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The Result

- Barbados already way ahead at end of colonial system
 - Better educated :In 1960 per pupil primary school spending 2.3 X Jamaica
 - Deeper institutionalization (Embeddedness)
 - More competence in performing institutional game, not just knowing rules of the game
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Example: Already way ahead in schooling in 1960



Source: Correlates of War Dataset

Asymmetric mutualism v Agonistic avoidance

- Jamaica's dualistic creolization:
 - Afro-Jamaican syncretic (peasant) creolization
 - Anglo-Jamaican creolization
- System riddled with tension & mutual distrust
- Lingers in Jamaican workers' attitudes

Barbadian asymmetric mutualism

- Planter class counter-resistance
 - Kathleen Lynch on Ireland : failure of reproduction theorists to consider capacity of elite to counter resistance via education with aid of coopted middle class
 - Black competitive acculturation
 - One result:
 - World-class cricketers v world class track stars
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Substantive Conclusion

- Don't wish to idealize Barbados
 - Not a miracle case: Its growth has slowed recently
 - High burglary rates
 - Racial segregation
 - In Jamaica's favor
 - Remarkable cultural creativity
 - World class musical tradition until recently
 - Amazing athletic achievement
 - World famous native dishes
 - More diverse society. More elite integration
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Theoretical conclusion

- Must avoid what Peter Evans calls “institutional monocropping”: danger of transplanting “best-practice” institutions
 - Need for gradualism and experimentation (Gerard Roland)
 - Diversity in institutional structures and functioning
 - China’s success indicates that Western model of institution building need not be slavishly imitated
 - Institution building has to take account of local cultural and social contexts
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Policy implications

- Culture and social organization can change
 - Feedback of successful policy on culture
 - But commitment to change what’s wrong essential
 - Commitment to spending more on social and cultural capital, especially education
 - Greater effort to solve coordination problem by Jamaican elites and middle classes
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And a final note on food

- Barbados seem to be catching up even here
- National Geographic recently ranked Barbados' Coo-Coo & Flying fish the third most delicious national dish in the world



#3:Coo-Coo & Flying fish

But on this score they are still behind Jamaica

- For in the same National Geographic ranking
- Jamaica's great national dish came in at #2
- So, my fellow Jamaicans, don't despair!



GLORIOUS ACKEE & SALTFISH