

THE IMPACT OF STRUCTURAL ADJUSTMENT POLICIES ON THE EDUCATIONAL SYSTEM IN THE CARIBBEAN

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SUMMARY

Over the past two decades Caribbean countries have been experiencing a high degree of economic instability. Some of these countries have had to undertake macroeconomic adjustment programs under the supervision of the International Monetary Fund (IMF) and the World Bank (WB). In the English-speaking Caribbean, Barbados, Dominica, Grenada, Guyana, Jamaica and Trinidad & Tobago have had to seek IMF-WB assistance to help overcome their economic difficulties. Macroeconomic policy measures have included a reduction in government expenditure, increases in taxation and interest rates, devaluation, the increase or introduction of user fees for many social services, wage restraint and privatization. These macroeconomic policies have adversely affected the education sector via shortage of staff and supplies, the demotivation of teachers due to the decline in their standard of living and higher teaching loads, reduced teacher training, greater absenteeism, the deterioration of physical plants, reduced availability of materials and equipment and higher teacher pupil ratios. Since education plays a vital part in the human resource development of Caribbean countries, several recommendations are made in the paper to help cushion the adverse effects of structural adjustment on the educational system.

Introduction

Since the early 1970s, Caribbean economies have been subject to a high degree of instability stemming from both external and domestic sources. Some of these countries have had to undertake macroeconomic adjustment programs under the supervision of the International Monetary Fund (IMF) and the World Bank (WB). Jamaica, Guyana, Barbados, Trinidad & Tobago, Grenada and Dominica have had to seek IMF-WB assistance to help overcome their economic difficulties.

This paper examines the impact which these macroeconomic adjustment programs have had on the educational system in the Caribbean. Macroeconomic policy measures, such as devaluation, reduced government expenditure, increased taxation and interest rates, the introduction of user fees, and wage restraint, are expected to affect the education sector both directly and indirectly.

The plan of the paper is as follows: In part I, the nature of structural adjustment policies adopted by Caribbean countries is examined. This section first outlines the nature of structural adjustment and then looks at the Caribbean experience. In part II, the effect of structural adjustment policies on the educational system is analyzed.

The concluding part looks at lessons that can be learned from the structural adjustment process especially in relation to the educational system. Recommendations are made with respect to ways in which those involved in the educational system can mitigate the adverse effects of structural adjustment policies.

Structural Adjustment Policies in the Caribbean¹

Structural adjustment is the process of deliberately adjusting or changing the structure

and organization of the economy to mitigate the effects of negative shocks or to take advantage of new opportunities or challenges. The general aim of structural adjustment is to more effectively and efficiently achieve the objectives of economic development, that is, economic growth, poverty alleviation, productive employment, social services provision (housing, health, education, transport) and environmental protection. The need for structural adjustment derives from external shocks (e.g., oil price increases, world recession, hurricanes); weaknesses in the structure of the economy (e.g., dependence on a single crop/service, inappropriate institutions) or flaws in domestic economic policies (e.g., expansionary fiscal policies, excessive external borrowing).

Structural adjustment consists of two basic components: first, a stabilization component where defensive short-run macroeconomic adjustment policies (monetary, fiscal, trade and incomes policies) are used to counteract negative shocks. Secondly, a developmental component which involves long-term changes in the operation of the economy, that is, policy reform, institutional changes, and production reorientation. These two components are not mutually exclusive since short-run macroeconomic policies can have an effect on the long-run performance of the economy.

The recent interest in structural adjustment has been kindled by the lending activities of international financial institutions, such as the International Monetary Fund (IMF), the World Bank (WB) and the Inter-American Development Bank (IDB), in a number of developing countries which have been experiencing severe economic problems. Structural adjustment programs have been adopted by a number of Caribbean countries (Barbados, Dominica, Grenada, Guyana, Jamaica, and Trinidad & Tobago) since the late 1970s along IMF-WB lines in order to solve the problems of growing foreign debt, fiscal and balance of payments (BOP) deficits, shortage of foreign exchange, stagnant productive sectors (especially the export-oriented sectors), and rising levels of unemployment.

The general set of policies associated with the IMF-WB model of structural adjustment are outlined in Table 1. The stabilization program is largely demand-side driven with the central aim being the reduction of effective aggregate demand via expenditure switching and expenditure-reducing policies. The IMF is usually at the forefront of the stabilization program which involves fiscal restraint (reduction in government expenditure and increases in taxation); tight monetary policy (increases in interest rates, reductions in domestic credit); the introduction of user charges for social services; exchange rate adjustment (usually a devaluation); and incomes policy based on a wage reduction or wage freeze. The structural reform program is supply-side driven and is generally associated with WB-IDB lending. The central aim of this reform program is the provision of a new institutional and policy framework to enhance economic growth and development via private sector direct investment. The underlying assumption of the reform program is that the private sector can more effectively and efficiently undertake a range of activities currently provided by the public sector. The reform package usually involves tax reform, trade and tariff reform to increase competitiveness and productivity in the export-oriented sectors, financial liberalization to promote savings and investment, privatization of public operations via outright sale or contracting out, deregulation of the economy to reduce the transactions and administrative costs of doing business, public sector reform, and the creation and strengthening of institutions to service the private sector.

Since the early 1970s Caribbean economies have been subjected to a number of external shocks—oil price increases in 1973/74 and 1979/80, recessions in the world economy especially the USA, a fall in oil prices 1982 and 1986/87, collapse of bauxite export earnings in 1985, high foreign interest rates, hurricanes—along with a rapid expansion of government expenditure which have forced them to undertake some kind of economic adjustment. These shocks created financial imbalances manifested in twin deficits on the BOP and public sector accounts. Jamaica and Guyana have had the most traumatic experiences with structural adjustment in the region.

Since August 1977, Jamaica has been engaged in a structural adjustment process along

IMF-WB-IDB lines. With the assistance of the international financial institutions, Jamaica has sought to adopt a private sector-led, export-oriented growth strategy. After a shaky start in the late 1970s when it was unable to meet performance criteria and talks broke down with the IMF on several occasions, Jamaica adopted a more purposeful structural adjustment program in the 1980s.

Jamaica's structural adjustment program has been the most comprehensive in the Caribbean. Faced with unsustainable fiscal and BOP deficits and a rapid growth in its external debt, Jamaica entered into a series of loan arrangements with the IMF and the WB (see Table 2). Jamaica has made use of the Standby, Extended Fund and Compensatory Financing Facilities of the IMF in an effort to stabilize the economy in the short run. Although the conditions or requirements for loans varied over the period of association with the IMF, the policy package did not vary substantially from the "traditional" IMF package for overcoming fiscal and BOP problems. For example, the 1977 and 1978 agreements called for the devaluation of the exchange rate, price liberalization and limits to wage rate increases, increased taxation, limits on the net domestic assets of the Bank of Jamaica, ceilings on bank loans and advances to the private sector, and a halt to the government expansionary policies via the reduction in government expenditure. The broad framework adopted in the late 1980s and the early 1990s called for the reduction of financial imbalances, the strengthening of the economic infrastructure, greater investment in human capital, improvement in the social services, and the provision of a safety net for the poorer segment of the population, given the great disparities of income and wealth in Jamaica. This broad economic framework has formed part of the government's Economic Recovery Program and has been assisted via structural adjustment loans (both general and sectoral) from the World Bank and the IDB.

[TABLE 1](#)

[TABLE 2](#)

The "economic liberalization" of the Jamaican economy has involved the design of a reform program aimed at stimulating private sector investment thus fostering economic growth and strengthening the government's financial position. The reform program has involved the liberalization of the import licensing system; the floating of the Jamaican dollar; tariff reform; the ability to hold foreign exchange accounts; comprehensive tax reform; improvement in the tax administration process; the introduction of a general consumption tax; the control of government expenditure via retrenchment, attrition, phasing out of subsidies to public enterprises, and divestment of state assets; the reduction of capital expenditure; the rehabilitation of transport, power and water systems; the promotion of foreign investment and financial liberalization and the strengthening economic institutions.

Between 1986 and 1988 there were signs of improvement in both the BOP and the fiscal accounts. The ravages of Hurricane Gilbert in 1988, however, derailed economic progress. During 1989 the economy was faced with a growing over-valuation of the exchange rate, a weakened fiscal position, and a build-up of commercial arrears. The government sought financial assistance from the IMF in 1990 which called for further contractionary policies (strict demand management policies using fiscal and monetary policy instruments, wage guidelines, the introduction of a general consumption tax in October 1988, increased interest rates, and greater liberalization). Continued difficulties in the BOP resulted in the authorities floating the Jamaican dollar against the US dollar in 1991. The macroeconomic environment is still unstable thus making the recovery progress more difficult and lengthy.

In general, the program of economic liberalization (de-regulation) of the Jamaican economy has met with moderate success to date. Inflation and interest rates remain very high, devaluations have increased the cost of servicing both the domestic and foreign debts, while unemployment, though declining slightly, still remains high. The informal sector has also been buoyant. The mining, tourism, and export agricultural sectors have responded positively to the economic measures in recent years. While the fiscal deficit

as a percentage of GDP has declined substantially, the BOP position still remains a concern for the Jamaican authorities.

Prior to 1977, Guyana's economic development was based on the state control of the economy. The government pursued a socialist-oriented economic strategy which involved the nationalization of key sectors of the economy; the regulation of trade, prices and finance, and the social provision of housing, education, and health. With the recession of 1977-79 and a deterioration in the commodity terms of trade, the economy experienced severe financial imbalances on both the BOP and public sector accounts. Since 1977, the country has been undergoing a process of structural adjustment with the assistance of the IMF, IDB, and the WB. In 1978, Guyana received IMF assistance via a standby loan for SDR 15m together with credits from the International Development Association (Worrell 1987, 93).

The country was required to cut government capital expenditure, with a wage freeze for civil servants and increased taxation imposed. Although Guyana has had a more limited contact with the IMF and WB than Jamaica because of its inability to access IMF and WB funds between 1985 and 1990 due to the inability to meet its financial obligations, it adopted a series of adjustment measures during the 1980s (see Table 3).

TABLE 3

Guyana's stabilization cum adjustment package has involved a reduction in government expenditure via retrenchment, wage cuts, removal of subsidies, etc., increases in taxation and improvement in tax administration, a series of devaluations in order to improve international competitiveness, the elimination of price controls, increases in interest rates, the introduction of user charges, and the divestment of public enterprises (telecommunications, rice milling, sugar, forestry, etc.). A cambio market was established in March 1990 as a step toward unifying the exchange rate system. The ultimate unification of the exchange rate (i.e., the cambio and official markets) in 1991 and the privatization process permitted a build-up in foreign exchange reserves in 1991. Guyana first received a structural adjustment loan in 1980 and then a sectoral structural adjustment loan in 1990 for SDR 59.8m to assist with the rehabilitation of the economy.

As in the case of Jamaica, the structural adjustment process in Guyana has reaped moderate success. Tight monetary and fiscal policies, high rates of inflation, declining real wage rates and transfer payments, and declining real per capita social expenditure have reduced the economic welfare of the citizens. Deterioration in the social services has occurred over the years which, coupled with emigration, has affected the human capital base of the country. The social cost of adjustment has been high, and this has affected the recovery process.

Trinidad & Tobago undertook an adjustment program without IMF assistance up to late 1988. The fall in oil prices in 1982 followed by economic contraction forced the government to adopt its own adjustment program. Between 1982 and 1986, the government sought to control its expenditure and introduce a multi-sectoral development plan aimed at reducing the dependence of the economy on the petroleum industry. The collapse of oil prices in 1986 brought further economic problems—shortage of foreign exchange, debt accumulation, and increased fiscal deficit. The new government in 1987 introduced a series of measures to combat the economic problems—suspension of COLA and merit increases for public servants; cuts in transfers and subsidies; sale of unprofitable state enterprises; modification of the direct taxation structure; and the introduction of user charges. With the bunching of foreign payments beyond the foreign exchange capacity to the country and a high and unserviceable fiscal debt, Trinidad & Tobago sought IMF assistance in 1988. Since the country had devalued its currency before going to the IMF, it was required to change the exchange rate only if required (i.e., exchange rate management). An external contingency mechanism was designed primarily to provide financing in the event that external developments threatened to derail the adjustment program. The IMF adjustment program included fiscal policy measures (wage and salary freezes, reduction of transfers, tax reform and the introduction of a

VAT, higher user charges, and limits on the banking system's financing of the public sector); price policy measures (the removal of a number of items under price control and the removal of subsidies); monetary policy measures (limits on Central Bank advances to commercial banks, increases in the discount rate, etc.); and BOP policy measures (the removal of items on the negative list, the introduction of tariffs, and limits on the accumulated external debt). Although the Trinidad & Tobago economy has showed signs of recovery, there are still areas of underlying instability in the economy. A World Bank structural adjustment loan (US\$40m) was recently put on hold until the country satisfies certain conditions (dismantling the negative list—a list of banned and restricted imported goods, the gradual elimination of import duty exemptions, trade facilitation, and improvement in customs administration). Although trade liberalization has been a prerequisite for the loan, the country has not been asked to change its exchange rate from its pre-IMF level.

Barbados is the most recent country to undergo a process of structural adjustment. The stabilization program adopted by the government, with assistance from the IMF, involves a reduction in government expenditure via a wage cut and lay-offs, tight monetary policy, increases in taxation and user fees, and the removal of concessions granted to manufacturers. The government has also designed a reform program aimed at improving external competitiveness and encouraging the efficient allocation and use of resources via privatization and restoring financial stability. The reform program involves the standard package of trade and tariff reform, tax reform, financial reform, administrative reform, and privatization. As part of the IMF agreement, the Barbadian dollar has not been devalued. Barbados has opted for an alternative remedy for a BOP deficit, namely a tight monetary policy coupled with an “import” tax-exports subsidy scheme. Although export subsidies have not been explicitly used, consumption taxes have been increased on imported goods.

The experience of Caribbean countries suggests that the costs of adjustment can be high in terms of unemployment and reduced standard of living during the initial stages of the adjustment process. Programs have been designed to increase the foreign exchange earning capacity of the countries via private sector development.

Adjustment Policies and the Educational System

It is widely recognized that human resource development is integral to the overall development process. As part of their national development programs successive governments in the Caribbean have placed particular emphasis on the development of the education sector. For example, the basic philosophy underlying the development of the educational system in Barbados is that “every child should have educational opportunities of the kind which would allow him (her) to make the most of his (her) abilities and to contribute to the social and economic growth of the country” (Ministry of Education and Culture 1990, 28). The educational system is therefore expected to provide for the preparation and training of skilled human resources to manage the economy, to facilitate by means of trained personnel, the generation and advancement of knowledge in pure and applied fields, and to perform a consciousness-raising function of the social, cultural, political, and physical environment.

Economists have long recognized the role which education plays in the economic development process. Recent research on the relationship between education (i.e., human capital investment) and development has found a strong link between the level of educational achievement in different countries and productivity growth. Countries with a high level of educational achievement tend to absorb new technology more quickly and hence grow more rapidly. The quality of a country's education is also important in determining the pace of innovation (see *Economist*, January 11, 1992 and September 12, 1992). The newly industrialized countries in Southeast Asia—Hong Kong, Taiwan, Singapore, and Korea—have pursued aggressive educational expansions which have been consistent with their “high-tech” or information technology development.

The drive to provide universal primary education to meet the rising demand for skilled

manpower and the importance of the political capital to be gained from meeting the social demand for education has made educational spending a high priority in the budgets of Caribbean governments. In 1989, Caribbean governments spent between 10.5 percent and 20.5 percent of their total budget in the education sector (see Table 4). Public expenditure on education accounts for between 2.5 percent and 8.8 percent of the GNP of Caribbean countries. As a recent report on Caribbean education points out, "most indicators of education place the majority of Caribbean countries well above the average for all countries at similar levels of economic development. Primary schooling is nearly universal, enrollment ratios for preschool and secondary education generally are above the average for middle income countries and overall literacy rates are high" (World Bank 1991, iii).

TABLE 4

The provision of resources for the education sector comes via the state and/or the private sector. In the Caribbean the state has been the main provider of financing for education since the 1960s. Government intervention in the education sector can be justified on the following grounds: the existence of substantial "neighborhood effects" or externalities; institutional failures in adjacent markets (e.g., the capital market); the paternalistic concern for children and the technological characteristics of education. Given the limited resources available to Caribbean governments, they have had to borrow funds from international financial institutions in order to expand the educational system. In Barbados, for example, a major source of funds for educational projects has been the World Bank. Barbados has received two "project" loans from the WB to assist with the construction and furnishing of primary and secondary schools, the training of teachers, the promotion of skill training, and general human resource development. Trinidad & Tobago has also received WB loans to support its 15-year Education Development Plan 1968-1983. The emphasis was placed on expanding and strengthening the primary and secondary school system. The IDB has also assisted with educational development in Jamaica, Barbados, and Trinidad & Tobago.

The adverse macroeconomic environment and the attendant policies adopted to overcome the economic problems facing the countries have put pressure on the ability of the taxpayer to foot the bill for education and other social services. Educational budgets have been unable to keep pace with rising educational costs and student numbers. There is, therefore, a need to rationalize the public resources devoted to education.

The structural adjustment policies adopted by Caribbean governments have both a direct and an indirect effect on the educational system. The effects of the policies also raise issues of efficiency, equity, and flexibility in the provision of education. Adjustment policy measures affect the education sector via changes in the macroeconomy (e.g., via reduction in government expenditure, cost recovery systems) and also through changes in the microeconomy (i.e., increased prices and taxes and reduced disposable incomes). As Noss (1991) notes, the effects of structural adjustment policies depends on the initial conditions of the education sector, the nature and implementation of the adjustment program and the extent to which the adverse effects of short-run stabilization policies can be reversed.

In a review of the impact of structural adjustment policies on the educational system across countries, Noss reached the following conclusions:

- (i) public education expenditures and gross primary enrollment rates are negatively associated with WB adjustment lending;
- (ii) using the female to male primary enrollment rate as an indicator of equity, adjustment policies did not affect equity. Female enrollment rates continued to approach male rates during the adjustment period;
- (iii) reliable evidence on the effects of adjustment policies (vis-à-vis external shocks, poor policies, etc.) on the educational system is limited;

(iv) there is a causal link between adjustment and education, but the nature of the link varies and in most cases is poorly understood. There is a greater need to understand the dynamics of the process rather than the comparative statistics.

In order to analyze the process through which adjustment affects the education sector, data are needed before and after the adjustment process. In the context of the Caribbean, Jamaica offers the best case study for examining the effects of adjustment policies on the educational system. Miller (1989) in his assessment of the impact of structural adjustment policies indicates that the impact has been negative. He sees the decade of IMF-WB assistance in Jamaica (1978-1988) as one of "retrenchment and reversals":

- (i) teacher education suffered the greatest reversals with teacher training either discontinued or scaled down, thus reducing the supply of teachers;
- (ii) fees which were abolished in 1973 were reintroduced for high schools. Since user fees for social services (health and education) are regarded as "regressive," poor parents were unable to send their children to schools. As a result enrollment rates declined, which affects the long-term human capital of the country;
- (iii) the policy of free university and college education was reversed with the introduction of a cess in 1986;
- (iv) a number of rural primary schools were closed in 1986, but re-opened in 1987;
- (v) the teacher-pupil ratio was increased so that by 1984 it stood at 1:55 in primary schools;
- (vi) education's share of government recurrent expenditure had fallen from 20 percent in the late 1970s to 12 percent in 1988. An education tax was introduced in 1983 and raised in 1989;
- (vii) many schools fell into a state of disrepair due to the lack of maintenance. Furniture, supplies, and equipment were lacking;
- (viii) teacher's salaries declined dramatically in real terms due to the rapid rate of inflation between 1973 and 1985.

After many years of building up the educational system in Jamaica, the structural adjustment policies taken to redress economic imbalances adversely affected the educational system thus undermining one of the pillars needed for economic recovery. Anderson (1991) further emphasizes the decline of the educational system in Jamaica by pointing to the decline in real expenditure on education (see Tables 5 and 6).

[TABLE 5](#)

[TABLE 6](#)

Although it is too early to quantitatively determine the effects of tight fiscal and monetary policies on the educational system in Barbados, one can still gauge the likely impact of the expenditure cuts. An examination of the 1991/92 and 1992/93 estimates of expenditure indicates that the budget allocation for education has been cut significantly for central administration (35%) and pre-primary and primary education (25%). The budgetary allocations for tertiary and technical and vocational education have been increased slightly (see Table 7). It should be noted, however, that these cuts and increases are based on current price estimates and do not reflect the real value of the expenditure change.

[TABLE 7](#)

Since the bulk of the expenditure on education consists of wages and salaries due to its labor intensive nature, the cutback in public spending, occasioned by a salary cut of 8 percent and the laying off of temporary teachers, would affect the number of teachers available for the school system. It is expected that the teacher-pupil ratio would increase from its level of 21:1 at the primary level and 17:1 at the secondary level. The reduction in the provision for teaching training can also result in the shortage of teachers in the medium term. The Textbook Loan Scheme designed for students at government secondary schools, assisted private schools, and the Barbados Community College (students under 19 years) to rent required textbooks, has had its budget allocation cut from Bds \$1.37m in 1991/92 to Bds \$0.1m in 1992/93. The Schools Meals Department, which provides meals for primary school students, has had its budget allocation remain almost intact. The government has, however, reintroduced a small charge for the provision of these meals.

With the reduction in the budget allocation to certain sections of the education sector, it is expected that there will be a slight decline in the quantity and quality of the education service: higher teacher-pupil ratios especially at the primary school level; reduced availability of materials and equipment; and some decline in teachers' morale. The increases in bus fares, user charges for the Textbook Loan Scheme and school meals, coupled with the high level of lay-offs, can result in a decline in school attendance as low income and unemployed parents would be unable to meet the cost of sending their children to school. In the medium and long term the quality of the output of the school system can decline. The inability of some parents to meet basic school costs can also put pressure on the already hardpressed welfare services of the government. The lack of funds for maintenance and the purchase of furniture and equipment can result in the deterioration of the school plant. Many schools have been faced with a shortage of furniture and equipment for a number of years, so that the cutback in financial resources for education can only aggravate the situation in some schools. The nature and extent of the impact of structural adjustment depends on the stock of education capital and the length of the austerity program. The education system has developed a stock of "capital" over the years (i.e., physical plant, work experience, organization systems) which can withstand the short-run budget reductions. If the austerity program is prolonged, then the educational system can be adversely affected and thus impair long-term human resource development.

The experience of Trinidad & Tobago and Guyana with stabilization and structural adjustment programs also points to the adverse effects of reduced government expenditure, devaluation, increased taxation, and user fees on the educational system. The effects have been the deterioration of physical plant; shortage of staff and supplies; the high incidence of untrained teachers; the demotivation of teachers due to the decline in their standard of living and higher teaching loads; ineffective management structures; reduced teacher training, and greater absenteeism.

The experience of the Caribbean countries with structural adjustment policies indicates that they have had a negative impact on the educational system. Reductions in household incomes and increases in user fees have reduced the demand for both public and private education; poor health and low nutritional levels have affected attendance and learning ability; currency devaluation, price liberalization and fiscal/monetary restraint have affected the opportunity cost of school attendance and the supply of educational services.

Lessons and Recommendations

The adverse effects which structural adjustment policies have had on the educational system and other social services have forced the World Bank to reconsider some of its policies. As Noss (1991) notes, the early WB adjustment programs ignored education issues. In recent years, more attention has been paid to the education sector via sectoral adjustment loans (SECALS). The WB and other financial institutions are becoming aware that destroying the human capital of a country impairs the long-term economic development which their policies are seeking to achieve. Both the governments and the

financial institutions have begun to assess priorities in educational provision with respect to the problems of sustainability and affordability. With the increase in demand for education and the increasing costs of its provision, the governments of the region must establish priorities for public educational provision given their restrictive budgets. Limited resources must be carefully managed in order to maximize the benefits to be derived from their use. Caribbean governments need to ensure that in the rationalization of the educational system the human resource development programs of the countries are not impaired since this can result in long-run economic stagnation.

In the rationalization process, the following criteria can be applied: efficiency (both internal and external) and equity and flexibility. Internal efficiency refers to how the educational institution educates its pupils and turns out graduates. Using cost-effectiveness analysis, differential costs are compared for producing the same output. External efficiency is concerned with how the graduates of the system fit into the socio-economic system in relation to the resource used in the educational system. Equity of access and opportunity in the education sector has an influence on the degree of social and occupational mobility and the structure of earnings in the labor market. A flexible educational system can respond quickly to the technological changes taking place in the economy by providing the necessary human resources. Small developing countries, such as those in the Caribbean, must have flexible educational systems—new teaching methods, curriculum changes, new teaching aids—if they are not to be relegated to the backlands of international economic activity.

In allocating scarce financial resources, the following decisions must be made:

- (i) how many resources should go to education vis-à-vis other sectors of the economy;
- (ii) how many resources should be devoted to different levels of education primary, secondary, tertiary;
- (iii) how much should be allocated to academic/general education versus vocational/technical education;
- (iv) how should shortfalls be financed—increased taxation, private provision, user fees to recover costs.

There is a need to maintain a high quality of delivery in education in the region. Priorities have shifted over the years where the provision of education is concerned in the region. As Layne (1986) indicates, in the 1960s the WB and other financial institutions provided funding for secondary and tertiary education. In the 1970s and 1980s, their policy focus shifted to the public provision of education especially at the primary level, the reduction of public subsidies to education, a greater emphasis on technical and vocational training, and the need to train educational managers and administrators. A recent World Bank report on education in the Caribbean has emphasized:

- (i) expanded access to higher education;
- (ii) the need to raise achievement levels in primary and secondary school subjects, especially mathematics and English;
- (iii) more equitable distribution of resources across distinct secondary schools;
- (iv) greater generation of funds from private sources;
- (v) reducing the level of government financing of post-secondary education.

The experience with macroeconomic adjustment policies in the region has indicated that Caribbean governments must be more prudent with the use of public resources. In the context of Caribbean education, the following recommendations can be made:

(i) increase the share of current and capital expenditure going to health and education in order to develop the human resource base of the countries of the region.

(ii) primary and secondary school provision should continue under the aegis of the State. The government would, however, have to reconsider its provision of such amenities as textbooks, uniforms, school meals, bus fares.

(iii) emphasis should be placed on general education and selective vocational/technical areas. The flexibility needed by small developing countries requires the workforce to have a solid general or basic education which assists with adaptability and trainability. Evidence suggests that most training takes place on the job.

(iv) partial funding of tertiary (especially university and college) education. Since the university engages in teaching, research, and public service activities, students should be asked to finance part of their university education. Given the relatively high unit costs of providing tertiary education in the region, the government should only contribute to the capital and research cost of these institutions. Payment by students can bring greater efficiency and effectiveness in the university system.

(v) the provision of loans, scholarships, and bursaries, especially for the needy and good performers. Because of the problems of administering loan facilities by private financial institutions, government can provide the bulk of such loans to absorb the risk of nonrepayment.

(vi) tax concessions for special education-linked insurance policies can be used as part of a cost-sharing arrangement. Individuals can take out policies with insurance companies to finance their children's future education.

(vii) there is a need to balance expenditure on teachers' salaries and expenditure on maintenance of buildings and equipment, books, and teaching supplies. Teachers' salaries generally form the bulk of recurrent expenditure; therefore, consideration should be given to:

(a) the re-use of textbooks over short periods to avoid the deterioration of the quality of education;

(b) charging for supplementary books and materials;

(c) using low-cost learning materials—newspapers, magazines;

(d) community and parent-teacher association (PTA) effort to maintain and repair schools and equipment;

(e) using the private sector to provide some supplies and equipment (computer hardware and software);

(f) the need to maintain basic salaries of teachers at a sufficient level to provide a comfortable living and avoid turnover and lack of motivation;

(g) greater involvement of PTAs in the management of schools and also greater decentralization of management systems to reduce administrative costs;

(h) maintain and provide incentives to help sustain the motivation and commitment of teachers (e.g., merit pay, special awards, leave arrangement).

Macroeconomic economic policies have forced Caribbean governments to reassess priorities and redirect their development thrust. Since human resource development is important to the economic development of Caribbean countries, Caribbean governments must re-examine their educational systems to make them more responsive to the development effort and also more resilient to structural adjustment policies.

RESUMEN

Durante las dos décadas pasadas los países de la región del Caribe han experimentado un alto grado de desequilibrio económico. Algunos de estos países han adoptado programas de ajuste macroeconómico bajo la supervisión del Fondo Monetario Internacional (FMI). En los países del Caribe anglófono, Barbados, Dominica, Grenada, Guyana, Jamaica y Trinidad y Tobago se ha procurado la asistencia del FMI y del Banco Mundial (BM) para superar las dificultades económicas. Las medidas de política macroeconómica han incluido la reducción del gasto público, el aumento tributario y de las tasas de interés, la devaluación, el aumento o introducción del sistema del pago por parte del usuario de muchos servicios sociales, la restricción de los salarios y la privatización. Estas políticas macroeconómicas han afectado adversamente el sector de la educación a través de la escasez de personal y útiles, la carencia de motivación de los docentes debido a la caída del nivel de vida y a una mayor carga de trabajo, menos oportunidades de capacitación para los docentes, un mayor ausentismo, el deterioro de las aulas y su entorno, una menor disponibilidad de materiales y equipo didáctico y una relación cada vez mayor de la relación entre el personal docente y los alumnos. Debido a que la educación juega un papel vital en el desarrollo de los recursos humanos en los países de la región del Caribe, en este documento se presentan varias recomendaciones para asistir en el manejo de los efectos adversos que el ajuste estructural tiene sobre el sistema educativo.

RÉSUMÉ

Les deux dernières décennies ont constitué une période de grande instabilité économique pour les pays des Caraïbes. Certains de ces pays ont dû entreprendre des programmes d'ajustement macroéconomique sous la supervision du Fonds monétaire international (FMI) et de la Banque mondiale. Des pays anglophones tels que la Barbade, la Dominique, la Grenade, le Guyana, la Jamaïque et la Trinité-et-Tobago, ont fait appel à l'assistance de la Banque mondiale et du FMI pour surmonter leurs difficultés économiques. Les politiques macroéconomiques mises en oeuvre se sont notamment manifestées par la réduction des dépenses publiques, le redressement des impôts et des taux d'intérêt, la dévaluation, l'augmentation ou l'adoption de tarifs de services publics, le blocage des salaires et la privatisation. Ces politiques macroéconomiques ont eu une incidence pernicieuse sur l'éducation : pénurie de personnel et de matériel, démotivation du corps enseignant à cause d'une baisse du niveau de vie et d'un alourdissement de la charge de travail, moindre formation des enseignants, recrudescence de l'absentéisme, détérioration physique des établissements, moindre disponibilité des équipements et supports didactiques et augmentation du nombre d'élèves par enseignant. Comme l'éducation joue un rôle vital dans la mise en valeur des ressources humaines des pays des Caraïbes, le document émet plusieurs recommandations pour contribuer à amortir les effets négatifs de l'ajustement structurel sur le système éducatif.

RESUMO

Nas duas últimas décadas, vem-se verificando um alto grau de

instabilidade nos países do Caribe. Alguns destes tiveram de adotar programas de ajustamento macroeconômico sob a supervisão do Fundo Monetário Internacional (FMI). Os países de língua inglesa do Caribe — Barbados, Dominica, Grenada, Guiana, Jamaica e Trinidad e Tobago — viram-se forçados a buscar assistência do FMI-Banco Mundial para ajudá-los a superar suas dificuldades econômicas. As medidas de política macroeconômica incluíram uma redução dos gastos públicos, desvalorização da moeda, aumento ou introdução de taxas de uso em muitos serviços sociais, contenção salarial e privatização. Essas políticas macroeconômicas tiveram efeito negativo no setor do ensino, onde se verificou escassez de pessoal e de material, desmotivação dos professores em virtude do declínio do seu padrão de vida e incremento da carga de trabalho, redução da formação de professores, maior absentismo, deterioração das instalações físicas, diminuição da disponibilidade de material e equipamento e aumento dos coeficientes professores/alunos. Como a educação tem um papel vital no desenvolvimento de recursos humanos nos países do Caribe, o trabalho oferece várias recomendações para ajudar a compensar os efeitos adversos do ajustamento estrutural sobre o sistema educacional.

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