

SIDS' economic outlook forecasts July 2023 update



IMF Article IV reports

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- Sao Tome
- Seychelles
- Singapore
- Sint Maarten
- St Kitts and Nevis
- St Lucia

- St. Vincent and Grenadines
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N.B. Reports for Aruba, Curacao and Sint Maarten are also provided although they are not formal IMF members but participate as part of the Kingdom of the Netherlands. The latest Article IV reports for the Maldives (2022) is currently unavailable.

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A general election campaign shortlist



Rishi Sunak, United Kingdom Prime Minister

By David Fellows

Achieving the PM's [five priorities](#) for 2023 will not win the general election although, having committed to them, failure to deliver will surely finish him. Raising the corporation tax in the next budget would also be destructive. But people do understand that resolving the complex problems facing the country is crucial to their wellbeing and the PM's abilities to master detail and strategy are seen as relevant to this task. His families' wealth is no major stumbling block.

The real question is whether the PM has the character and communication skills to confront the issues and provide the leadership that will deliver a future to be proud of.

I suggest the PM has five major issues to address convincingly and that he must start immediately.

1. Economic growth (reference in [five priorities speech](#) too limited and must be revisited)

- **Productivity improvements** to improve wages, address the labour shortage, provide the profits for investment and create higher tax revenue to finance tax incentives, infrastructure development, tax rate reductions and necessary levels of social provision.
- **Investment in technology and innovation** incentivised by tax allowances is an important aspect of a productive ecology. Added to this a simplified tax code and reform of tax administration is critical for small businesses and self-employed, it is even important to enable larger companies to be motivated by the tax incentives that are available to them.
- **Government procurement** could be used more proactively by giving advance notice of likely opportunities, engaging

with suppliers on product design and tender process development and supporting the development of small businesses.

- **The levelling-up agenda** should be reduced to its basic form of regional economic development which is the basis of almost all forms of regional prosperity. It is essential that the hitherto enormous preference shown to the London, Oxford and Cambridge area is redressed. This must include including special tax incentives for business investment in the regions and for collaborative ventures between nearby businesses, greater investment by higher education institutions in support for regional businesses (including inward [investment in new technology](#)), greater availability of specialist start-up incubators and greater concentrations of advanced technology centres working in partnership with local businesses.
- **Higher and further education** should be seen primarily as providing the route to a good life, an interesting occupation and the use of innate skills. The cost of a university education is outrageous compared to the benefits in most cases and the debt represents a barrier to home ownership, family life and community development. Universities must become more closely aligned with national economic priorities. Similarly, further education must reach out to employers and employees to an extent that has so far eluded most institutions. The contribution that this sector should play in the field of innovation and business development lies far from current experience. The private sector should also be challenged to match this with its own efforts to improve skill transfer and mutual support within business specialisms.
- **Business regulation** must be overhauled to attract and incentivise private sector businesses. This requires careful prioritisation and cooperation between business sectors and Government. Clearly much [groundwork has been](#)

[done](#) and must be followed through.

I have dealt with these issues [elsewhere](#) in greater depth. Amongst other things it should be regarded as a programme of national resilience that emphatically embraces agriculture. The issues are given impetus by the need for a robust response to the US Inflation Reduction Act.

2. Green energy

Realism is urgently required about the speed and direction of the green energy revolution. There are more friends than enemies to be won by softening some of the shorter timescales and some of the specifics. Realistic solutions are required to shared ambitions. There is also an urgent need to prevent arbitrary local regulations and penalties, including road use charges for carbon emitting vehicles. Any such practices must be confined to nation-wide schemes to facilitate ease of travel and trade throughout the country.

3. Housing and families

The scope for local authorities to refuse planning permissions for housing must be reduced, time taken for allowable interventions must also be limited. The scope for building on greenbelt land should be increased. Government cannot continue to wash its hands of this vital issue and MPs intending to fight the next election must accept a firm approach. Admittedly this requires a reversal of policy but it is a matter of economic and social good sense. To do otherwise would be an affront to the younger generation. This goes hand in hand with the urgent need for refinements to [childcare](#)

[regulations.](#)

4. The structure, character and management of the civil service

The civil service lacks modern corporate accountability. Officials can too easily assert departmental policy and standards leaving unwary politicians powerless. The perpetual whirligig of ministerial change does not help this situation. The current internal battle being waged with the Secretary of State for Justice could be read as a struggle for departmental control and has serious implications for the UK's current constitutional arrangements. Reform is urgently required, a manifesto commitment is necessary to provide a mandate. It could just become a strong issue for this PM.

5. NHS reform

I do not suggest offering specifics for NHS reforms as there is insufficient time before the next general election for the research and development required. Instead there should be a clear promise to give prominence in the new parliament to the challenges facing the NHS and approaches adopted by other first rate healthcare systems around the world. This would result in a white paper introducing an [incremental reform package](#) that would repair NHS deficiencies whilst giving it space to breathe by encouraging a larger role for alternative forms of provision.

This agenda is designed to confront serious national challenges and reassure the electorate that beneficial changes will ensue. Without a platform that allows the PM to

demonstrate the relevance of his strengths the Opposition may find itself in power without having detailed a single major policy change. Now that could result in 'chaos'.

David Fellows worked extensively in UK local government, was a leader in the use of digital communication in UK public service and became President of the Society of Municipal Treasurers. He was subsequently an advisor on local government reform in the UK Cabinet Office and an international advisor to the South African National Treasury. He is a director of PFMConnect, a public financial management consultancy, and a regular commentator on issues of public policy and finance at home and abroad.

SIDS' economic outlook forecasts January 2023



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- Seychelles
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A future for the NHS



By David Fellows

I have no medical training or hospital management experience. I have from time to time had fleeting involvement in health development issues and I have been a hospital patient but I make no claims in writing this except that I am a general client of the NHS. Like millions of others I am simply concerned with the state of play: the lack of GP availability, the quality of some diagnostic services, the management of outpatient services and the speed of hospital referrals.

In exasperation the not-so-wealthy are paying privately for GP services, specialist consultations and surgery. The problem predates COVID. Heavy demands are placed on all health care systems by increasingly sophisticated diagnostics, medical procedures, patients care and medication. Add to this an increasingly elderly population and the country faces the prospect of a colossal financial burden for a less than satisfactory service.

The once acceptable approach of throwing money at the NHS is very obviously not working. Whatever sum is requested and provided is almost immediately decried as insufficient.

The motivation behind the current nurses pay dispute raises a further issue. The demands made are potentially destructive of the NHS, public services in general and the economy. This raises the question as to whether nurses leaders are actually voicing a profound dissatisfaction with the NHS. Has its vastness and complexity come to alienate the very people on whose dedication it depends?

Hitherto the international direction of travel has been towards comprehensive national health services but none has gone so far with integration as the UK. Of course the NHS is not the sole UK provider. Private medicine is available in all fields. The scale of core state provision is around 70% of total medical service expenditure in the UK, similar to core provision in many other developed countries.

But elsewhere the core is often extensively disaggregated. For instance, multiple providers for commissioning (eg not for profit insurance schemes for core provision), hospitals and primary care. Levels of integration may be available. Core services may receive public and private financial contributions and provision may be made for equalising insurance costs of those with poor health. Services for children, unemployed and elderly may be financed by the state. There are many variants including discretionary aspects.

The weakness of the UK system is that the core is massively integrated and almost entirely state driven. The UK has broad geographic and localised divisions of the service but this

does not overcome the fact that the centre has overarching responsibility and control. Government is commonly accepted as responsible in all respects. Complaints ultimately rest with Government, shortcomings usually blamed by officials and the media on lack of funds.

With respect to core provision the state is singly charged with operational responsibility for contributing vision, strategy, management, procurement, facilities, personnel, training , medical record development and patient communication. Personal dedication and compassion are valued but the organisational architecture is deficient in drivers for efficiency, innovation and flexibility of reward.

A state with more limited responsibility for delivery obtains a better vantage point from which services can be judged and structural refinements made. Where ultimate operational responsibility is distributed there are more active voices to explain the difficult issues that beset service delivery, more partnering choice for providers and more provider choice for patients.

The bait noire in this alternative universe is the US health system. It is becoming more comprehensive but remains unsatisfactory by the standards of many developed countries and is far too expensive. It is not the starting point for any new health provision model. Other developed countries offer more varied systems as Federico's review of OECD countries [\[1\]](#) demonstrates.

Frederico is an advocate of progress by marginal refinement for health service development. I suggest this precept that should be readily embraced. The NHS is too exposed to cope

with promises of major reform.

My proposal, therefore, is for the Government to affirm the benefits of a more diversely operated health service having both public and private sector counterparts with common regulatory and performance oversight. Where appropriate, public and private sector providers could share facilities perhaps with initial cost borne by the private counterpart and medical expertise could be shared too. Collaboration could also be relevant in the development of management and medical information systems. Private hospitals could qualify as teaching hospitals. It would be a gradual evolution.

The initiative could commence with a call for proposals covering all aspects of potential development within the themes of evolutionary change, service improvement, learning from diversity and providing the prospect of an affordable outcome to exchequer and citizens. These would become the criteria for success on which progress would depend. This is more specific and extensive than the reference to public service reform and the Integrated Care Board review contained in the Chancellor's Budget Statement.

The outcome could embrace a variety of organisational arrangements. Taxation aspects may require phasing in to avoid any initial net cost to the exchequer. Ultimately there would be a reduction of cost and demand on public provision.

The development process could add significantly to the UK's innovatory record in the fields of medical service delivery, information and medical technology. Opponents would charge the Government with developing a two tier health service but this would be difficult to sustain given the proposed criteria for

pursuing the development.

The public can see the cracks widening and know that the solution is not just more state funding. Any Government that had the courage to tackle the problem honestly and openly could be met with sighs of relief, particularly if the approach was subtle, gradual and sensitive to the dedication of NHS personnel. There are always reasons to postpone a difficult journey but surely the time has arrived.

David Fellows worked extensively in UK local government, was a leader in the use of digital communication in UK public service and became President of the Society of Municipal Treasurers. He was subsequently an advisor on local government reform in the UK Cabinet Office and an international advisor to the South African National Treasury. He is a director of PFMConnect, a public financial management consultancy, and a regular commentator on public financial management issues at home and abroad.

[\[1\]](#) Comparative Health Systems – A new Framework by Federico Toth, Cambridge University Press