

# BTI 2008 | Jamaica Country Report

<b>Status Index</b>	1-10	<b>7.65</b>	# 21 of 125	
Democracy	1-10	8.55	# 18 of 125	➔
Market Economy	1-10	6.75	# 37 of 125	➔
<b>Management Index</b>	1-10	<b>5.71</b>	# 42 of 125	

scale: 1 (lowest) to 10 (highest)    score    rank    trend

This report is part of the Bertelsmann Transformation Index (BTI) 2008. The BTI is a global ranking of transition processes in which the state of democracy and market economic systems as well as the quality of political management in 125 transformation and developing countries are evaluated.

The BTI is a joint project of the Bertelsmann Stiftung and the Center for Applied Policy Research (C•A•P) at Munich University.

More on the BTI at <http://www.bertelsmann-transformation-index.de/>

Please cite as follows: Bertelsmann Stiftung, *BTI 2008 – Jamaica Country Report*. Gütersloh: Bertelsmann Stiftung, 2007.

© 2007 Bertelsmann Stiftung, Gütersloh

## Key Indicators

Population	mn.	2.7	HDI	0.72	GDP p.c.	\$	3,817
Pop. growth <sup>1</sup>	% p.a.	0.5	HDI rank of 177	104	Gini Index		45.5
Life expectancy	years	71	UN Education Index	0.79	Poverty <sup>3</sup>	%	14.4
Urban population	%	53.1	Gender equality <sup>2</sup>	-	Aid per capita	\$	14.7

Sources: UNDP, Human Development Report 2006 | The World Bank, World Development Indicators 2007 | OECD Development Assistance Committee 2006. Footnotes: (1) Average annual growth rate 1990-2005. (2) Gender Empowerment Measure (GEM). (3) Percentage of population living on less than \$2 a day.

## Executive Summary

In October 2002, the People's National Party (PNP), under the leadership of Percival J. Patterson, became the first political party to win four consecutive general elections. Subsequently, a change in leadership of both major political parties, the PNP and the Opposition Jamaica Labour Party (JLP), late in the legislative period precipitated a watershed period in Jamaica's political development. In 2006, Portia Simpson-Miller was sworn in as the country's seventh – and first female – prime minister, after a divisive, close internal election campaign for the presidency of the party, which she won over rivals Minister of National Security Peter Phillips, and Minister of Finance and Planning Omar Davies. As the most popular politician in at least ten years, Prime Minister Simpson-Miller enjoyed 78% popular support in national polls taken shortly after her election. This popularity was short-lived however; six weeks after her appointment, the rating dropped by 14%. Her popularity both outside and within her party fell due to the perception of many that she was unable to manage internal differences successfully and lacked the leadership skills and capacity to rally the various internal factions around her vision for the country. Bruce Golding, leader of the Opposition Labour Party, is seen by some as having successfully transformed the Jamaica Labour Party into “a unified political machinery.” He is admired for his ability to grasp difficult concepts and maintain the necessary firm leadership. Reform of the electoral process has resulted in a more transparent system and fewer political abuses. However, violent crime, abuses by security forces, corruption in both public and private sectors, and drug-related criminal networks with global connections are matters for great concern. Jamaica is not undergoing a system transformation from an undemocratic, non-market system to a market-based democracy. Jamaica is a long-standing democracy and has a free market economy. However, Jamaica, like other Latin American countries, had to disengage from an economic sector strongly regulated by the state – a process that is not completed yet in all domains, particularly regarding

the evolution of dynamic competition. Jamaica must strengthen and deepen democratic institutions and practices and shape the evolving market economy, such that the most vulnerable in society do not disproportionately bear the burden of adjustment. During the period under review, Jamaica has continued to struggle with the same problems that were apparent five years ago, but are now subject to an increasingly globalized environment. Although there have been slight improvements in some areas, internal and external factors have also brought about several setbacks, the net result of which has been only a small improvement in economic growth during the evaluation period. Levels of poverty and unemployment remain deplorable. Jamaica faces formidable economic problems, some beyond the scope of its decision-makers. Given that the country maintained the levels of economic prosperity enjoyed in the 1990s, and its social and economic indicators are improving (or at least not drastically worsening), this is a noteworthy management success. Decision-makers are pursuing reform and structural adjustment programs in cooperation with industrialized nations and multilateral financial institutions.

## History and Characteristics of Transformation

In Jamaica's first Parliament and local bodies for autonomous administration, the majority of the population, who were descendents of slaves from Africa, was not represented. Slavery was abolished in 1838, and labor unions and political parties that initiated the democratic process were formed during the social unrest of the late 1930s. Jamaica held its first general election with universal adult suffrage in 1944, in which the people elected a Parliament with national legislative power, experienced a phase of self-government and went on to achieve full sovereignty in 1962. Jamaica is one of the few developing countries to have achieved independence during that era that has maintained a representative democracy, with 14 government changes achieved through general elections. Social inequality and racism, the legacy of Jamaica's past as a slavery-based plantation economy, continue to haunt democracy and economic development in Jamaica. Features of the mono-culture plantation economy and institutions, which are generally not responsive to the needs of people living in poverty, also persist. Jamaica's two leading political parties, the People's National Party (PNP) and the Jamaica Labour Party (JLP), alternated in having control of the government until the 1990s. The PNP was re-elected for a third term in 1997 and a fourth term in 2002. In the June 2003 elections, the Opposition JLP took control of the local government political machinery, winning eleven out of thirteen parish councils, breaking its losing streak. In 2004, however, demonstrating a partial recovery from the 2003 defeat, the PNP won two important by-elections at the local level, but has postponed the holding of island-wide local government elections, which were due in 2006. Researchers classify Jamaican democracy as a patronage-based democracy. One

fundamental characteristic of this system is that its citizens, especially those in the lower income groups, are integrated into the political system through regular elections and patronage-based dependent relationships with their political parties. Political and criminal violence as well as by extreme polarization, driven by political tribalism between political parties and their constituents, sometimes accompany integration. Political analyst Robert Buddan accurately describes Jamaica's political system as one that has alternated between high and moderate levels of consensual and tribal politics. Patronage-based democracy results in the breach of customary democratic rules and freedoms by the dominance of one party in some constituencies, particularly in the capital, Kingston. While this does not obstruct the overall political, social and economic development of the country, it severely undermines the orderly socioeconomic development of the affected communities. The Jamaican population, whose alienation from the political system is constantly growing, has been increasingly rejecting patronage-based democracy, and it has become equally difficult for both major parties to gain new supporters (PNP 31%, JLP 30%, no response/neither party 38%, December 2006) other than the "hardcore" party members. The initial immense popularity and immediate decline of the new female prime minister is a case in point. Reforms of the electoral system including the enactment of the Electoral Commission of Jamaica in 2006 and stricter procedures on election day before and during national and local elections, have reduced the influence of electoral fraud and violence significantly. Ideological polarization and confrontation was severe between the two parties in the 1970s. It peaked in 1980, when approximately 800 people died during the elections in that year. Relations between the parties were so strained by 1983 that the opposition PNP boycotted a snap election in protest of the surprise conditions in which the ruling JLP had called a new election. The boycott resulted in a Parliament without an opposition party for an entire election cycle. These polarized political divisions within Jamaica, embodied in the two parties' ideologies and foreign policies, reflected a wider global conflict. Under the leadership of Michael Manley, the PNP aligned itself with countries of the Non-Aligned Movement and Cuba. The JLP, under the leadership of Edward Seaga, cooperated with the United States. Since the Cold War ended, both parties' political positions have converged towards the center, which reflects the influence of the dominant trends in the global political economy. Violent crime is still one of the country's largest problems. The JLP and PNP have pursued different economic development strategies. In the 1960s, JLP governments relied on modernization theories and tried to industrialize the island with the help of foreign investment. In the 1970s, the PNP pursued a development policy based on dependency theories and democratic socialist ideas in which the government plays a dominant role in the economy. In the end, neither strategy eliminated mass poverty. Both, in fact, resulted in economic decline. In the 1980s under the JLP, Jamaica pursued market-oriented economic policies and implemented structural adjustment programs characterized by liberalization and privatization programs in close collaboration with the International Monetary Fund (IMF). Since its re-election in 1989, the PNP government has concentrated on adapting Jamaica's national economy to the current

global political and economic framework, influenced by the World Trade Organization and international financial institutions. Some important objectives have been achieved. The content, direction and context of individual reform steps are discernible. However, in view of the high unemployment rate (11.73% in August 2006), high violent crime rate, (1330 murders and 680 rapes in 2006) and high debt (133.3 public debt/GDP ratio in 2005), it is highly unlikely that these reforms will bring about fundamental change in the short term. In the World Economic Forum's annual ranking of competitive economies, Jamaica moved up three places in the rankings to 60th, in comparison to Barbados at 31st, while Trinidad and Tobago fell to 67th. In the World Bank's Business Survey, Jamaica had an overall rating of 80th out of 155 countries, and 10th out of 155 for starting new businesses. Higher minimum wages and interest rates as compared to some competing countries, unfavorable terms of trade, crime, inadequate infrastructure, lack of trained manpower and inefficient bureaucracies hamper the competitiveness of the country. All stakeholders agree that violent, organized crime must be brought under control in order to protect and strengthen Jamaica's democratic institutions. Suggestions on reforming the constitution are controversial, and it is not clear whether the proposed reforms will strengthen democratic structures. Because the constitution provides considerable powers to the parliamentary majority, the government, which enjoys a stable majority in Parliament, has substantial control over most important decisions.

## Transformation Status

### I. Democracy

#### 1 | Stateness

The state's monopoly on the use of force in Jamaica is widely secured, but it is challenged in some urban and, more recently, (2005 – 2006) rural residential areas and constituencies. Criminal gangs and clientelistic networks dominate some communities particularly in Kingston, leaving them increasingly without political control. Since the 1960s, these garrison communities have become centers of political violence that politicians of both major parties manipulated to their advantage, particularly in the 1980s. This phenomenon, known as political tribalism, declined significantly in the 1990s, but some of these garrison communities still constitute a kind of "state within the state" where drug trafficking plays an increasingly relevant role. Local party leaders, many of whom are alleged to have connections with criminal networks and the drug trade, rule these garrisons. The emergence of transnational networks and their interconnectedness with local organized crime networks hampers the ability of the law enforcement agencies to implement crime control responses that both respect human rights and are effective. During the period under review, 12 out of Jamaica's 60 constituencies were classified as garrison constituencies (although to differing degrees).

Monopoly on the use of force

Under the constitution, citizens of all ethnic groups have the same civil rights, although race and class factors often prevent the equitable exercise of these rights by all social classes.

State identity

There is separation of church and state, with minimal influence of religious dogmas on politics or law on issues such as abortion and gambling.

No interference of religious dogmas

The state's administrative structure extends throughout the entire country, but its operation is inefficient and weak in some areas.

Basic administration

## 2 | Political Participation

Jamaicans enjoy universal suffrage and the right to campaign for elected office. There are no restraints on free and fair elections except in garrison constituencies, where a dominant political party can intimidate dissenters. This phenomenon however weakened noticeably in the 1997 and 2002 national and 1998 and 2003 municipal elections, due to the implementation of an electoral reform process.

Free and fair elections

Elected rulers have the effective power to govern except in the garrisons, as reported above.

Effective power to govern

Citizens are allowed to form independent political and civic groups. There are no restrictions.

Association / assembly rights

Citizens and the media are free to express opinions. Freedom of expression has received a boost due to the increase in the number of media houses, in particular with the addition of radio stations and a number of community newspapers.

Freedom of expression

## 3 | Rule of Law

Jamaica has separation of powers, as is customary in democracies based on the Westminster model. However, the system places considerable power with the prime minister as long as she/he has a majority in Parliament. In debates about reforming the constitution, some have suggested reducing this concentration of power by making the institutional separation between the executive and legislative branches clearer.

Separation of powers

An independent judiciary exists in practice. It is highly respected, but considered slow and inefficient. Judicial independence is guaranteed by the fact that the final court of appeals is located outside Jamaica. Final appeals are made to the Judicial Committee of the Privy Council in the United Kingdom. This Privy Council may be replaced by an independent Caribbean court, the Caribbean Court of Justice, within the framework of the CARICOM Single Market and Economy. Plans to establish this Caribbean court have been challenged by the Opposition JLP and some human rights and civil society organizations. Unlike the ruling PNP, they charge that such fundamental changes to the administration of justice should be made only under a national referendum. The Privy Council decided in 2005 that a two-thirds majority in Parliament was required to replace the Privy Council with the CCJ, thus rendering it impossible for the present PNP majority in Parliament to introduce the CCJ as an appellate court without the consent of the opposition.

Independent judiciary

Corruption is widespread, especially in connection with the drug trade and patronage-based political structures. These conditions limit the prosecution of

Prosecution of office abuse

corrupt public servants as well as private sector officials who often slip through political, legal or procedural loopholes. The Transparent International 2005 Global Corruption Report ranks Jamaica at 74th, with a high corruption perception index score.

Civil rights are guaranteed, albeit with noticeable limitations due to the inability of many citizens to access/afford the necessary legal services. Police brutality, illegal imprisonment and the high number of people killed by police and security forces constitute the most substantial concerns.

Civil rights

#### 4 | Stability of Democratic Institutions

The democratic institutions are stable, but often function inefficiently and inconsistently with regard to the implementation and review of legitimate procedures. The confrontational and mistrustful attitude of the two main political parties towards one another had been reduced significantly due to the non-confrontational style of former PNP Leader PJ Patterson, to which the JLP, under pressure from large sections of the Jamaican society had been obliged to respond positively. The instinctive tribal-leadership style of the new PNP President, Portia Simpson-Miller is tempered somewhat by her personality and frequent personal appeals for peaceful and respectful campaign activities by both parties. Bipartisan support has resulted in consensus in the legislature on a number of important pieces of legislation addressing matrimonial and property rights, amendments to the domestic violence act, freedom of information and the establishment of an independent Electoral Commission of Jamaica.

Performance of democratic institutions

The democratic institutions are basically accepted and considered legitimate by the relevant political and social actors, although many are strongly critical of their deficiencies. There is a high level of dissatisfaction with the quality of this democracy, related to the inadequacy of the Westminster model to ensure full representation for all sectors in society. The desire to address “this democratic deficit” is fairly widespread, as is the growth of a variety of civil society associations and NGOs many calling for greater participation of women and other vulnerable groups, within a broader process of democratic governance.

Commitment to democratic institutions

#### 5 | Political and Social Integration

Jamaica has a stable two-party system. The parties are multi-class alliances, which, while not functioning precisely along ethnic lines, reflect the nature of a society stratified along race, class and gender lines. Citizens from low-income groups are integrated into the political system, but there are conspicuously few women or members of the mainly black working class among the top leadership of either major party. Leading positions in political parties, trade unions, major financial institutions and churches are occupied by representatives of the light-

Party system



skinned or black male elite. There is a tendency to either dispute or ignore the existence of racial and ethnic tensions within society, especially on the part of those in leadership positions. Integration into the political system takes place via traditional party groups and/or connections with big business. In garrison communities, integration also takes place via criminal gangs and drug dealers through patronage-based networks. While there are no distinct ethnic conflicts in Jamaican politics, the strong party bonds and polarization between the hard-core supporters of the two main parties results in political tribalism. This tribalism continued even after the dissipation of the stark ideological polarization at the end of the Cold War. The party system is socially rooted and is both stable and polarized. The 2005 Jamaica Human Development Report documents the well-established tendency of this single member plurality system to disadvantage minority parties and female representatives, as well as the lack of access to state resources for new players, and the alienation of large segments of the middle class, urban poor and youth. A third party has never won a seat in Parliament or a municipal council.

There exists a diverse civil society of non-government, women's and community-based organizations, and civic associations to give voice and representation to those alienated from traditional party politics. These civil society organizations provide opportunities for citizens to identify responses to their own needs, to take appropriate action, and to mediate between society and the political system. Networks of close-knit interest groups do exist, but the dominance of powerful business and class interests in some groups runs the risk of further exacerbating the existent divisions along lines of class, race, gender and economic power. One potential threat is the existence of well-funded and organized criminal networks that provide a range of social services in certain communities where government social infrastructure is basically non-existent.

Interest groups

Approval of the democratic process is high, although voter participation has decreased in recent years. Of those entitled to vote, 67% and 52% participated in the 1997 and 2002 parliamentary elections respectively. The decreasing turnouts can be attributed to disaffection with a political system that, many citizens have concluded, cannot provide their basic needs. Controversial, heavy-handed actions by the security forces in urban ghettos feed cynicism, while social and economic benefits, security and order are often provided by non-governmental, criminal actors in the ghettos with support from global criminal networks.

Consent to democratic norms

There is a wide range of autonomous, self-organized groups and organizations. Their effectiveness and self-sustainability generally reflects the existent socioeconomic and cultural (racial and gender) barriers. The presence and impact of social capital varies across social classes and is evident where the ongoing work and presence of these groups contributes significantly to the social cohesiveness of communities.

Associational activities

## II. Market Economy

### 6 | Level of Socioeconomic Development

Key indicators show a medium-range developmental level that lags behind other states of the Commonwealth Caribbean that otherwise have much in common with Jamaica. Social exclusion is quantitatively and qualitatively very distinct, and poverty and unemployment rates are high. According to data from the Planning Institute of Jamaica, the unemployment rate was between 11.3 % and 11.7% during 2005 – 2006. The United Nations Human Development Report 2005 indicates that 14.8% of the population was living below the poverty line at \$2 per day. Members of the wealthiest quintile consume 15 times more than those in the poorest quintile of the population. The correlation of race (white/light skinned minority) and class with prosperity – a legacy of Jamaica’s history of slavery and colonialism – continues. During the period covered by this report, economic growth was low although tending upwards, (GDP 1.0/1.4 2004 – 2005) but despite improvements in 2003 – 2004, the current account deficit widened to 11.1% of GDP in 2005. The deterioration in the goods account was influenced primarily by increases in world commodity prices, especially fuel. The current account deficit was financed by substantial net private and official investment inflows. In addition to uncontrollable external forces, high unemployment, violent crime and high debts also hampered economic development. The IMF acknowledges that Jamaica’s economic performance could be understated because of the impossibility of performing an accurate assessment of the informal economy’s contribution, now estimated at 40% of official GDP in 2001. This growth has contributed significantly to the decline in poverty in the last decade. During the period under review, government policy focused on maintaining macroeconomic stability, improving the local business climate and improving Jamaica’s external competitiveness.

Socioeconomic  
barriers

Economic indicators		2002	2003	2004	2005
GDP	\$ mn.	8,598	8,236	8,865	<b>9,574</b>
Growth of GDP	%	1.6	2.7	1.1	<b>1.8</b>
Inflation (CPI)	%	7.1	10.3	13.6	<b>15.3</b>

		2002	2003	2004	2005
Unemployment	%	14.3	11.7	11.4	-
Foreign direct investment	% of GDP	5.6	8.8	6.8	<b>7.1</b>
Export growth	%	-	-	-	-
Import growth	%	-	-	-	-
Current account balance	\$ mn.	-1074.0	-773.4	-509.1	<b>-1078.7</b>
Public debt	\$ mn.	4,598.9	4,568.4	5,241.2	<b>5,507.5</b>
External debt	\$ mn.	5,489.1	5,641.0	6,436.6	<b>6,510.9</b>
External debt service	% of GNI	10.6	10.8	10.1	<b>10.8</b>
Cash surplus or deficit	% of GDP	-7.3	-4.3	-2.2	<b>-1.2</b>
Tax Revenue	% of GDP	24.8	27.8	28.1	<b>27.3</b>
Government consumption	% of GDP	15.8	15.2	14.3	<b>15.1</b>
Public expnd. on edu.	% of GDP	6.0	4.8	4.5	-
Public expnd. on health	% of GDP	3.2	2.3	2.8	-
R&D expenditure	% of GDP	0.1	-	-	-
Military expenditure	% of GDP	0.7	0.7	0.7	<b>0.6</b>

Sources: The World Bank, World Development Indicators 2007 | UNESCO Institute for Statistics | Stockholm International Peace Research Institute (SIPRI), Yearbook: Armaments, Disarmament and International Security

## 7 | Organization of the Market and Competition

While Jamaica's political system is recognized as a democracy, the free market economy has been developed less aggressively, with the economic benefits accruing in an uneven manner to the social and political elite. The foundations of free market competition are guaranteed, and a relatively large informal sector exists. The Jamaican government has been pursuing a policy of privatization and liberalization since the 1980s. Price controls were abandoned, and the economy is very open to foreign trade and foreign direct investment. In spite of the considerable openness of the Jamaican economy there is little competition in most of the important economic sectors, except for telecommunications and the retail trade in food and imported consumer goods.

Market-based  
competition

The main aim of the Fair Competition Act of 1993 is to prevent anti-competitive practices. However, antimonopoly legislation is intentionally not very well developed, in order to create greater incentives for bigger, and therefore internationally more competitive, corporations. The criteria for market efficiency also apply to the authorization of mergers. Competition is circumvented by oligopolies as well as by the influence of families or clans in the form of cross-membership in the boards of firms and organizations. New WTO regulations and the establishment of a Fair Trade Commission also reveal fair competition as an eventual objective.

Anti-monopoly  
policy

Since the mid-1980s, the dismantling of trade barriers has significantly reduced production disincentives and a former anti-export bias. During the period of rapid economic liberalization in the 1990s, Jamaica removed exchange controls and effected tariff reductions in line with CARICOM's common external tariff, and since 1998, the tariff range has been between 5 and 20%. However, Jamaica imposes duties on some imports to protect its most vulnerable sectors, and enjoys preferred export relations with the European Union, the United States and Canada. Pressure from global economic forces for WTO-compatible trade agreements have led Jamaica, like other CARICOM countries, to enter into negotiations with the European Union to replace the LOME agreements with a regional economic partnership arrangement (by 2008) under the Cotonou Agreement. The suspension of protective duties and preferential trade agreements (also with the United States and Canada) signals Jamaica's further integration into the world economy. As part of CARICOM, Jamaica is working to guarantee that local firms are not disadvantaged as a result of unfair trading practices and to ensure that the special developmental needs of small island states are taken into account in the negotiation process and in final agreements.

Liberalization of  
foreign trade

Jamaica's banking system and capital market are independent and open to foreign trade. After a major crisis in the financial sector in the mid-1990s, for which the government assumed debts amounting to 44% of GDP, the sector is now better regulated than at any time in its history. The Financial Services Commission has been further strengthened through amendments to the Banking, Building Society, Pensions and Financial Institutions Acts to ensure better information sharing with law enforcement authorities and regulators of financial institutions.

Banking system

## 8 | Currency and Price Stability

Through monetary and exchange rate policy, the government has maintained a stable macro-economic environment in which the real exchange rate has remained fairly stable. Single-digit inflation targets were exceeded as a result of both internal and external shocks (exchange rate depreciation, oil prices and long-term impact of hurricanes). The central bank (Bank of Jamaica) is not independent.

Anti-inflation /  
forex policy

Jamaica's fiscal policy is influenced by heavy debts, losses by the Bank of Jamaica and a continuing high budget deficit. Macrostability

## 9 | Private Property

Property rights are guaranteed. Property rights

The government has advanced a policy of privatization of state-owned enterprises, including hotels, the telephone and power supply companies and both international airports. The repeal of the bauxite levy favors foreign investors. Private enterprise

## 10 | Welfare Regime

Economic decline, unemployment and poverty have negatively affected a social system that was considered exemplary until the 1960s compared with other systems in the region. Moreover, structural adjustment measures have brought drastic cuts in the public health, education and other social services. However, the incidence of poverty decreased by 2.1% to 14.8% in 2005. The government devotes almost 60% of its spending not used for debt payments and debt service to social services. Vulnerable groups received increased benefits through several initiatives under the government's social safety net program. These include increased support for the education and health of these groups in rural and urban communities, increases in allowances to pensioners and support for health care through a National Health Fund, an increase in the national minimum wage in Jamaican dollar terms (due to a fall in the exchange rate) to \$38 per week. Most government institutions are under-resourced, limited in scope and cannot compensate for the existent gross social differences. Social safety nets

With regard to equal opportunity, women on average receive lower wages than men, suffer unequal access to positions of power in both public and private sectors, and have levels of unemployment twice that of men. Equal opportunity

## 11 | Economic Performance

GDP growth has been minimal. The government has executed a successful inflation containment policy and kept a relatively stable exchange rate, but serious problems remain: a debt/GDP ratio of 133.3% (2005), a high unemployment rate, poverty, a disadvantageous trade balance and a substantial budget deficit. Limited economic growth leaves the Jamaican economy vulnerable and extremely dependent on outside forces, and unpredictable natural disasters can quickly devastate economic success. In the years under review, global increases in oil prices and slow recovery from devastation caused by hurricanes in particular constrained growth in the main economic sectors. Output strength

## 12 | Sustainability

There is a growing but still inadequate consciousness of the importance of environmental protection, which was originally promoted by non-governmental organizations and has more recently been taken up – although inconsistently – by the government and its development partners. An unspoiled environment is especially important to the tourist industry. The Jamaican government has developed policies to protect natural resources and established a new administrative body to better coordinate environmental protection and planning. However, coordination difficulties, lack of political will and the sluggish judicial system hinder the implementation of environmental policies. A more articulate and aggressive non-government sector has often produced more meaningful suggestions. Due to a demonstrated lack of commitment to sustainable development especially in the tourism sector, the limited financial resources of the state budget, and the poor capacity of local authorities, even when measures are actually implemented, they cannot be maintained.

Environmental  
policy

Jamaica guarantees free access to pre-primary, primary and secondary education. The Jamaica Survey of Living Conditions 2004 estimates that Jamaica achieved the high rate of 93.1% primary education enrollment. However, this high enrolment level must be considered alongside relatively poor educational outcomes, e.g. continuing high levels of illiteracy and limited access to higher levels of the system for children from lower socioeconomic groups. In addition to community colleges, the University of the West Indies, which is a regional university for nations of the Commonwealth Caribbean, has one of its three campuses in Jamaica. There are two other universities in Jamaica: the University of Technology and the Northern Caribbean University. In the region as well as in North America they are respected educational institutions. Education is one of the government's priorities, and for the fiscal year 2004 – 2005, 9.1% of its total budget was allocated to this service, with 33% and 21.5% of the education budget going to the primary and tertiary levels, respectively. Institutions for education, training, research and development are present in significant sectors. Quantitatively and qualitatively, investment in education, training, research and development is somewhat low, which indicates the constraints on the national budget.

Education policy  
/ R&D

## Transformation Management

### I. Level of Difficulty

During 2006 – 2007, the reform of the electoral system and process has comprised the two important new features of ongoing voter registration and Parliament's enactment of an independent Electoral Commission of Jamaica. Beyond elections, structural constraints on governance, while moderate, are related to both internal and external factors. The current political leadership has been in power for the last 17 years, during which it has made little progress toward a broad-based governance process outside of the narrow confines of the tribal, bipartisan Westminster political system. The tribal nature of Jamaican political culture and the leadership's unwillingness and inability to break this cycle confound any transformation. The workforce is under-prepared and under-educated – the Labour Market Information System ([www.lmis-ele.org.jm](http://www.lmis-ele.org.jm)) reports that 14,000 or 1.25% of the employed labor force in 2006 had received vocational training, but remained uncertified. Other internal factors include severe infrastructural deficiencies such as the administration of justice, health, education and other resource constraints typical of a small, island economy. The HIV-AIDS pandemic is a major constraint. The National Aids Committee reports that 16 out of every 1,000 pregnant women have HIV, and in June 2005, it was estimated that 20-22,000 persons are living with HIV with 9,453 confirmed HIV cases. Severe damage to all major economic sectors and physical infrastructure by powerful hurricanes in 2004 and 2005 constrained management performance in this period.

Structural  
constraints

Calls increase from an active, heterogeneous civil society for meaningful participation in important decision-making processes. There are considerable traditions of civil society dating back to earlier periods of volunteerism during slavery and the colonial period. A 2003 IDB Profile on Civil Society in Jamaica reports that “civil society has made a significant contribution to the building of social capital and economic development in Jamaica, and in so doing, has reduced the burden on government and business sector spending. Public integrity and corruption are important national issues, often linked to questions regarding the integrity of the governance process and public/private sector relations. Questions of trust in institutions and between the social classes are dominant in

Civil society  
traditions

the various civil society organizations that are often raised against the background of concerns about the extent of their involvement in corruption.

The two main political parties underwent changes in leadership during the period under review, which resulted in some tendencies toward more consensual, anti-tribal politics. However, periods of intense conflict along partisan lines still emerge around election time, and the society is deeply split along lines of social class, gender and race. Communities frequently mobilize and protest against acts of injustice allegedly perpetrated by elements in the security forces, or against praedial larceny or acts of violence carried out by members of their own communities.

Conflict intensity

## II. Management Performance

### 14 | Steering Capability

The institutional framework for a market economy has improved due to structural adjustment policies, especially privatization, liberalization and regulation of financial services, but the government has had limited success in implementing its announced reforms. During the two-year review period, overall economic development improved only slightly both quantitatively and qualitatively. The commitment to constitutional democracy is clear, and the pursuit of macroeconomic stability, a market economy and social development has been maintained, although some politicians sought short-term political benefits in view of upcoming general elections.

Prioritization

Jamaica's dependence on the policy-based lending and conditionality of major financial institutions like the World Bank, the IMF and the IDB constrains its flexibility in economic policy-making. It is also constrained by the political leadership's unwillingness to involve stakeholders other than those in the economic and polite elite in dialogue in order to identify and utilize the developmental opportunities inherent in a more open and diverse governance process.

Implementation

While the government remains committed to democracy, the political leadership shows little willingness for true policy learning, so the routines of policy-making do not enable innovative approaches.

Policy learning



## 15 | Resource Efficiency

Only some of the available resources are used efficiently. Several factors, including a high degree of violent crime, inefficiency of sections of the security forces and judicial system, corruption, and a bureaucratic tax system, prevent Jamaica from fully exploiting its development potential. The Auditor General's office provides an independent audit of government budgets, and a bipartisan parliamentary committee, headed by the Opposition Party ensures public review of expenditures. There is a Contractor General who aggressively monitors the procurement and awarding of government contracts, and applies legal sanctions where necessary. A public sector modernization/reform program comprises some thirty projects for transforming government departments into executive agencies to improve the quality of service to the public. The government could realize some of its reform goals, despite the shortcomings mentioned above.

Efficient use of assets

The government has had limited success in managing conflicting political and economic interests, as these cleavages affect overall policy coherence on every level, which is most evident in stabilization, inflation-containment and foreign exchange management policies.

Policy coordination

The combination of violent crime, drug trafficking and party politics seriously interferes with the fight against corruption. There is no public financing of political parties or laws that would regulate the sources and types of financing for political parties. This would allow for more transparency and control of party finances, and make the parties more independent of private and criminal interest groups, both local and foreign. Measures to improve the administration of justice and citizens' access to justice included the establishment of the Commission for the Prevention of Corruption among public servants, the passage of the Freedom of Information Act, and a National Contracts' Commission for public procurements.

Anti-corruption policy

## 16 | Consensus-Building

Many political and social actors have declared their support for market-based democracy, but question its main features, while others reject it outright. Actors like trade unions, farmers' organizations, a growing civil society, small businesses, women's groups and environmentalists question the establishment of the market-based democratic model, and demand specific safety mechanisms for those groups whose vulnerability increases as the free market economy evolves and global economic liberalization forces have more impact. The question of who should bear the largest burden during the introduction and consolidation of the market-based model remains contentious as long as the gap between the rich

Consensus on goals

elite and mass of people living in poverty continues to widen. Consensus-building between social classes and groups, the private sector, the government and the political parties therefore remains difficult.

There are no anti-democratic vetoing agents. Representative democracy is rooted in the political culture. The PNP has not challenged the idea of an orderly market economy since the late 1980s, and the JLP never has. The fact that Jamaica's national economy must adjust to global economic and political developments is increasingly viewed as an inexorable reality, although vulnerable groups still resist.

Anti-democratic veto actors

Jamaican governments have succeeded in ensuring that any potential political conflicts along ethnic, religious or social lines do not become the focal point of politics. Generally, the members of the two main parties view each other as competitors for scarce resources, and hostility and distrust characterize many of their interactions. Studies of recent developments suggest that Jamaican politics might be entering a period of reform and transformation. Political analyst Robert Buddan reports that this shift appears to be driven by barely perceptible generational imperatives that challenge the established styles of party leadership, and demands for new and broader forms of governance by civil society. However, both parties owe their positions of power to the polarized two-party system and are thus not interested in abandoning this political system.

Cleavage / conflict management

The government acknowledges the important role of civil society in the development of social capital. However, the allegiance of both political leaderships to the bipartisan political system often constrains the accumulation of social capital and civic-mindedness across party lines, and promotes clientelistic networks in some communities. Civil society actors are involved in political debates and discussions on policy formulation, but the extent to which their involvement influences the eventual policy outcome is generally negligible. There is no legal framework guaranteeing participation of civil society in the decision-making process. The greatest historical injustices in Jamaica's history were slavery and colonialism, both of which have left a residue of racism. Despite distinct racial and social tensions however, there is no acute conflict between ethnic groups or between groups whose ancestors suffered under slavery, racism and colonialism, and groups whose ancestors profited from them. Jamaica stresses that all its citizens are equal regardless of their background within the scope of the national identity, as expressed in the national motto "Out of Many, One People." However, the cultural forms of expression of the black African majority are not adequately recognized. Such recognition only comprises occasional special tributes to religious and cultural traditions and historic public figures. The shared monarchy with the United Kingdom and the position of the Privy Council in London as Jamaica's court of appeals are increasingly perceived as colonial relics. As a result, the government has

Civil society participation

recommended the abolishment of both. For the first time, newly elected officials did not give their oath of allegiance to the Queen after the 2002 election, but rather to the Jamaican people and to the country's constitution.

## 17 | International Cooperation

Jamaica has worked closely with other countries since independence as well as with many international organizations on the goals of socioeconomic reforms and democracy. Some of the more important collaborations in the area of economic and social development policies are with the IMF, the World Bank, the Organization of American States (OAS), the Inter-American Development Bank, the United States, Canada and the European Union. The IMF and the World Bank are responsible for coordinating the structural adjustment and stabilization programs. Jamaica's government abides by the conditions set by the IMF and the World Bank. The objective of all the above-mentioned actors is to restructure and strengthen the market economy in Jamaica. For CARICOM countries like Jamaica, three issues continue to dominate relations with its international partners: the WTO negotiations, negotiations with the European Union for the Economic Partnership Agreement (EPA) to liberalize trade between the two markets, and negotiations with the United States, particularly regarding trade. Jamaica, through CARICOM, is required to maintain a vigilant presence in all of these negotiating arenas to ensure that decisions made will give the country the necessary policy space to make paced adjustments to the global environment. Several external actors collaborate with the government in support of representative democracy in Jamaica, in particular CARICOM, the OAS, the E.U., the Commonwealth and various NGOs. Both CARICOM and the OAS attach great importance to the fact that their member states are democratically ruled. Commonwealth countries have explicitly declared their support for democracy since 1991. All three organizations are also prepared to act as mediators in domestic problems and impose sanctions or intervene if a member state turns away from democracy. Since the end of the Cold War the European Union expects its ACP partners to adhere to at least a minimum standard regarding human rights and democracy. Commonwealth countries have explicitly declared their support for democracy since 1991 and impose sanctions on those members who abandon democracy or severely violate human rights and democratic rules. The Carter Center, founded by former U.S. President Jimmy Carter, sent a team of international election observers to oversee the 1997 and 2002 elections. If democracy were to be abolished in Jamaica, the undemocratic regime would be isolated both regionally and internationally, and would not only have to reckon with sanctions, but with international intervention as well.

Effective use of support

The government is generally considered a credible and reliable partner by the international community. The New York-based rating agency FITCH assigned Jamaica a B+ rating in September 2006, indicating that the outlook for the economy is stable, and that prospects for recovery of funds invested is average. Two weeks earlier, Moody's Investor Service placed Jamaica's rating at B1. The country has a diverse, well-established range of incentives for foreign direct investment across sectors, particularly tourism and telecommunications. Amnesty International has frequently expressed concerns over the failure of the government to adequately reform the administration of the justice system in such a way as to ensure that all citizens regardless of class or race have equal access to due process and full protection under the law.

Credibility

Jamaica was originally to have achieved independence as part of the West Indies Federation, which it joined in 1958, but it withdrew after Jamaican voters rejected membership in 1961. After the demise of the federation, the countries and territories of the Commonwealth Caribbean started the process of regional integration and created CARICOM in 1973. The functional and economic cooperation of CARICOM countries has intensified in the last few years and the CARICOM Single Market and Economy (CSME) should be in place by the end of 2008. Jamaica has a leadership role in the CSME, but constantly emphasizes that it is not striving for a political union with the other member countries. Jamaica and other CARICOM member states have united to negotiate with the industrialized and other developing countries to ensure that they optimize the benefits and mitigate the negative consequences of free trade. The following bilateral trade agreements are in place: CARICOM-Dominican Republic, CARICOM-Costa Rica, CARICOM-Cuban Republic, CARICOM-Venezuela, and the CARICOM-Colombian Trade, Economic and Technical Cooperation Agreement.

Regional cooperation

## Strategic Outlook

National elections held after the writing of this report (September 2007) brought a slim victory of less than 3,000 votes for the opposition Jamaican Labour Party (JLP) led by Bruce Golding. The JLP secured 33 of 60 seats in Parliament. The JLP defeated Prime Minister Portia Simpson-Miller's People's National Party (PNP) after eighteen years of uninterrupted rule. Though Simpson-Miller was new to the office of prime minister, she was a part of the JLP government for seventeen years, and therefore was called upon to account for the country's many persistent social and economic difficulties – that is, abject poverty and unemployment, corruption and crime. Bruce Golding, leader of the opposition Jamaican Labour Party, is described as having successfully transformed the party into “a unified political machinery” but with a very different leadership style – a critical factor in Jamaican political culture. Golding is seen as leading a united JLP with a sense of purpose in contrast with former years. However, he lacks charisma and charm, and has yet to demonstrate that he has concrete proposals for real change that would yield tangible results for the majority of Jamaicans. Strategic policy recommendations include: the establishment of a legislative framework for funding political parties, particularly as regards campaign financing, and for monitoring the functioning and internal democracy of political parties; reforms to improve the administration of the justice system, and to continue the removal of corrupt elements from the security forces; more stringent legislation to break the cycle of corruption between public and private sector interests; reforms to ensure consistently high output from educational institutions at all levels, with deliberate strategies to improve the capacity and productivity of the labor force to successfully compete in a globalized market; implementation of policies, measures and tools to achieve gender balance and gender equality in decision-making bodies with real and effective power; consistent implementation of social safety nets and community interventions to complement continuing efforts to reduce violent organized criminal activities; implementation of mechanisms to widen and deepen the governance process to ensure participation of leading civil society organizations; and maintaining a vigilant presence in trade negotiations in the three critical arenas – WTO, EU-ACP and CARICOM-USA negotiations – to ensure that agreements made will give Jamaica the necessary policy space and technical support to make adjustments to the global environment at a pace that is manageable.