This report is part of the Transformation Index (BTI) 2010. 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 128 transformation and developing countries are evaluated.

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Executive Summary

In September 2007, the Jamaica Labour Party (JLP) under the leadership of Bruce Golding won the elections and formed a new government after being in opposition for 17 years. In these elections, Portia Simpson-Miller, who was the country’s seventh – and first female – prime minister, lost after only 18 months in power. She had won a divisive internal election campaign for the presidency of the People’s National Party (PNP) in 2006, but her popularity both outside and within her party fell rapidly due to the perception of many that she was unable to manage internal differences successfully and that she lacked the leadership skills and capacity to rally the various internal factions around her vision for the country. Bruce Golding successfully transformed the JLP into “a unified political machinery” that won the elections, and he inherited an economy whose major economic indicators are stagnant or negative. Serious shortcomings are also identified in the areas of transparency and governance, abuses by security forces, corruption in the public and private sectors, an inability to reduce violent crime and eliminate gun- and drug-related criminal networks with global connections, and an inability to manage the global and national economic crisis with strategies that engender confidence in the wider public.

The Golding administration has improved relations with Venezuela and Cuba and reaffirmed its commitment to Caricom, the Caribbean Community. Reform of the electoral process has resulted in a more transparent system and fewer political abuses. Jamaica is not undergoing a system transformation from an undemocratic, non-market system to one that pursues the goals of democracy and a market economy. Jamaica is a long-standing democracy and has a free market economy. However, like some Latin American countries, it has had to disengage from an economic sector strongly regulated by the state – a process that has not yet been completed in all areas, particularly when it comes to the evolution of dynamic competition. Jamaica must strengthen and deepen its democratic institutions and practices and shape the evolving market economy so that the most vulnerable in society do not disproportionately bear the burden of adjustments required by an increasingly globalized environment dominated by the financial crisis and uncertainty. Although there have been slight improvements in some areas, internal and
external factors have also brought about several setbacks that have resulted in stagnant or negative economic growth. Levels of poverty and unemployment remain deplorable. Jamaica faces formidable social and economic problems; some are beyond the scope of decision makers, but some are challenges that decision makers should be able to address. Decision makers are pursuing reform and structural-adjustment programs in cooperation with industrialized nations and multilateral financial institutions.

History and Characteristics of Transformation

Jamaica’s political transformation to democracy has not been a linear, continuous development from the early representative institutions to today’s democracy, as it was, for example, in Barbados. In Jamaica’s first parliament and local bodies for autonomous administration, most members of the population, who were descendents of slaves from Africa, were not represented. Slavery was abolished in 1838, and the labor unions and political parties that initiated the democratic process were formed during the social unrest of the late 1930s, which may be seen as the starting point of modern Jamaican democracy. Jamaica held its first general election with universal adult suffrage in 1944. In that election, 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 gained independence during that era which has maintained a representative democracy, and 15 government changes have taken place through general elections. Social inequality and racism, which are the legacy of Jamaica’s past as a slavery-based plantation economy, continue to haunt its democracy and economic development. 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 and a fourth term in 1997 and 2002, respectively. In the June 2003 elections, the opposition JLP took control of the local government political machinery, winning 11 out of 13 parish councils and 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 it retained only four parish councils and 28 out of 60 parliamentary seats in the 2007 island-wide local government and general elections, respectively.

Researchers classify Jamaican democracy as a patronage-based one in which 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. Patronage-based democracy results in the breach of customary democratic rules and freedoms via 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. Political violence is now less frequent, but extreme polarization and political tribalism between political parties and their constituents influence this integration. Jamaica’s political system is one that has alternated between high and moderate levels of consensual and tribal politics. The Jamaican population, whose alienation from the political system is growing, has been increasingly rejecting patronage-based democracy, and it has become equally difficult for both major parties to gain new supporters (PNP 49.1%, JLP 50.9%, 2007 popular vote) other than the “hardcore” party members. Reforms of the electoral system, such as the enactment of the independent Electoral Commission of Jamaica in 2006 and stricter procedures on election day before and during national and local elections, have significantly reduced the influence of electoral fraud and violence. Ideological polarization and confrontation were severe between the two parties in the 1970s. They peaked in 1980, when approximately 800 people died during that year’s elections. By 1983, relations between the parties were so strained that the opposition PNP boycotted a snap election to protest the surprising conditions under 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, on the other hand, under the leadership of Edward Seaga, cooperated with the United States.

Since the end of the Cold War, both parties’ political positions have converged toward the center, which reflects the influence of the dominant trends in the global political economy. 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 in close collaboration with the IMF. During its 17 years in power, influenced by the WTO and international financial institutions, the PNP government concentrated on adapting Jamaica’s national economy to the current global political and economic framework.

The JLP government has continued in this direction, and some important objectives have been achieved. The content, direction and context of individual reform steps are discernible. In 2008, violent crime was the country’s most serious problem (1,611 murders, a 2% increase over 2007, and 774 reported rapes, a 9% increase over 2007). With a high unemployment rate (10.78% in July 2008) and high debt (130.7% public debt/GDP ratio in 2007), it is highly unlikely that these reforms will bring about fundamental change in the short term. Corruption – and especially that related to the narcotics and weapons trades – is widespread, and patronage-based political structures have close connections to big business. The 2008 Global Competitiveness Index reported that Jamaica ranked 86th out of 131 countries. The competitiveness of the country is
hampered by higher minimum wages and interest rates as compared to some competing countries, unfavorable terms of trade, crime, inadequate infrastructure, a lack of trained manpower and inefficient bureaucracies. All stakeholders agree that violent, organized crime must be brought under control in order to protect citizens, to protect and strengthen Jamaica’s democratic institutions, and to improve the business climate. Suggestions on reforming the constitution are controversial, and it is not clear whether the proposed reforms will strengthen democratic structures. The constitution provides considerable powers to the parliamentary majority. As a result, although it only enjoys a slim majority in parliament, the JLP has substantial control over most important government decisions.
I. Democracy

1 | Stateness

The state’s monopoly on the use of force in Jamaica is established nationwide in principle, but it is challenged in some urban and, more recently, rural residential areas and constituencies. A greatly improved network of highways connecting urban and rural centers has facilitated the rapid movement of criminal elements into rural areas. Organized criminal networks associated with drug and/or gun trafficking domi- nate some of these communities. The phenomenon known as political tribalism emerged in the 1960s as garrison communities increasingly became centers of political violence manipulated by politicians of both parties to their advantage, and it continues to be a major factor. However, politically- motivated violence is less frequent in comparison to violence related to drug and gun trafficking. Some garrison communities still constitute a kind of “state within the state,” in which drug and gun trafficking play a dominant role. Local party leaders, many of whom are alleged to have connections with criminal networks and the drug trade, rule these communities. The emergence of transnational and regional 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, 15 out of Jamaica’s 60 constituencies were classified as garrison constituencies (although to differing degrees).

Under the country’s constitution, citizens of all ethnic groups have the same civil rights, although race, class, sexual orientation and gender factors often prevent the equitable exercise of these rights by all social classes. Jamaicans accept and support the nation-state as legitimate. The greatest historical injustices in Jamaica’s history were slavery and colonialism, both of which have left a residue of racism. However, despite distinct racial and social tensions, there is no acute conflict between ethnic groups or between groups whose ancestors suffered under slavery, racism and colonialism, on the one hand, and groups whose ancestors profited from them, on the other. Jamaica stresses that all its citizens are equal within the scope of the
national identity regardless of their background, as is expressed in the national motto “Out of Many, One People.” Still, 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. Consensus about their abolishment does not exist among the two political parties. After the 2002 election, for the first time, newly elected officials did not give their oath of allegiance to the queen of England but, rather, to the Jamaican people and the country’s constitution.

There is separation of church and state. There is some influence of religious views on politics and laws, such as those on abortion, gambling and the attitude to homosexuality. However, this influence is primarily exerted by interest groups, including the several (mostly Protestant) churches.

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

2 | Political Participation

Jamaicans enjoy universal suffrage and the right to campaign for elected office, but there are some constraints on the principle of equality of access to leadership faced by women and citizens from lower socio-economic groups in general. There are no restraints on free and fair elections except in garrison constituencies, where a dominant political party can intimidate dissenters. Continued improvements to the electoral system have resulted in an electoral process that, in 2007, was overall free and fair and marked by minimal violence in both national and municipal elections.

Elected rulers have the effective power to govern in principle, except in the garrisons discussed above. Some power groups, such as large business interests with party connections and special interests, influence the governance process.

Citizens are allowed to form independent political and civic groups, and there are no restrictions regarding free association and assembly within the bounds of the law.

Citizens and the media are free to express their opinions. An increase in the number of media outlets – especially radio stations, community cable TV stations and newspapers – has produced more opportunities for expression. There are discussions about reforming the local libel law, which is considered onerous and a constraint on the exposure of corruption.
3 | Rule of Law

Jamaica has separation of powers, as is customary in democracies based on the Westminster model. This system places considerable power in the prime minister as long as he or she holds a majority in parliament. While in opposition, the current prime minister advocated strongly for reducing the power inherent in the position of prime minister, but he has shown little interest in doing so since assuming office. There is still public interest in reducing this concentration of power by making the institutional separation between the executive and legislative branches clearer.

An independent judiciary exists in practice. Although it is highly respected, it is considered slow and inefficient. Interestingly, as Jamaica is still member of the Commonwealth, judicial independence is also 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. The present government does not support the view that the Privy Council should be replaced by an independent Caribbean court, the Caribbean Court of Justice (CCJ), within the framework of Caricom, the Caribbean Community. Plans to establish this Caribbean court had also been challenged by some human rights and civil society organizations. Unlike the current opposition PNP, they charge that such fundamental changes to the administration of justice should be made only via 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.

Corruption is widespread, especially in connection with the drug and guns trades, and patronage-based political structures have close connections with big business. These conditions limit the prosecution of corrupt public servants as well as private sector officials, who often slip through political, legal or procedural loopholes. During the period under review, corrupt police officers were more frequently arrested, convicted and removed from the force.

Civil rights are guaranteed, albeit with noticeable infringements due to the inability of many citizens from lower socio-economic groups to access or afford adequate legal services. Police brutality, illegal imprisonment, a slow and inefficient justice system, a marked increase in discrimination and violence against women and gay men, the murder of women and the abuse of children, and the high number of people killed by the security forces constitute the most substantial concerns. Between January and September 2008, 203 people were killed by police officers, a considerable increase over the figure for 2006.
4 | Stability of Democratic Institutions

Democratic institutions are stable, but they often function inefficiently and inconsistently with regard to the implementation and review of legitimate procedures. Since Jamaica has a parliamentary system, frictions between the government and the parliamentary majority are absent. This review period spans just over one year for both a PNP government (2007) and a JLP government (2008). The confrontational attitude of the two main political parties toward one another had been reduced significantly in the previous period, but the 2007 election campaign did have some marked periods of tension and confrontation, while the instinctive tribal-leadership style of PNP President Portia Simpson-Miller was tempered somewhat by her personality and frequent personal appeals for a peaceful and respectful campaign. The greater confrontation took place within the PNP, where serious internal conflicts between supporters of Portia Simpson-Miller and her main challenger, Peter Phillips, threatened the internal democratic functioning of the party. Bipartisan support has resulted in a consensus in the legislature on a number of important pieces of legislation, such as one related to capital punishment, a sexual-offences bill and the establishment of an independent Electoral Commission of Jamaica.

Jamaica’s 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 when it comes to guaranteeing full representation for all sectors in society, inhibiting the prime minister from exceeding the boundaries of executive authority and failing to adopt transparent and good governance practices. The desire to address these democratic deficits is fairly widespread, as is the growth of a variety of civil society associations and NGOs, many of which call for greater participation by women and other vulnerable groups within a broader process of democratic governance.

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 according to race, class and gender. 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 in leadership positions. In both political parties, these positions are held by the light-skinned or black male elite. Despite her national popularity, the election of Portia Simpson-Miller as the president of the PNP in an internal election in 2006 left the party extremely divided. There is a
tendency to either dispute or ignore the existence of racial and ethnic tensions within society. 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 hardcore supporters of the two main parties result in political tribalism, which is now less attractive in the wider public. The party system is socially rooted and is both stable and polarized, with the JLP winning 50.18% and the PNP winning 49.82% of the popular vote in 2007 elections. The 2005 Jamaica Human Development Report documents the well-established tendency of this single-member plurality system to disadvantage minority parties and female representatives, the lack of access to state resources enjoyed by new players, and the alienation of large segments of the middle class, urban poor and youth. Bipartisan support exists for the establishment of a legislative framework for funding the campaigns of political parties. A third party has never won a seat in parliament or on a municipal council.

There is a close-knit network of interest groups that are dominated by a few strong interests. There exists a diverse civil society made up of nongovernmental, women’s and community-based organizations, and civic associations, all of which 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. Inadequate consultation produces fairly high levels of dissatisfaction on the part of the marginalized within civil society due to their inability to influence the decision-making process. Networks of close-knit interest groups (e.g., trade unions and churches) do exist, but the dominance of powerful business and class interests in some groups further exacerbates the existing divisions along lines of class, race, gender and economic power. Well-funded and organized criminal networks, which provide a range of social services in certain communities in which government-run social infrastructure is basically nonexistent, are considered a potential threat.

Approval of the democratic process is high, although voter participation has decreased in recent years. Data from the recent survey from the Latin American Public Opinion Project (LAPOP) indicate that nearly 75% of those interviewed agree that democracy is preferable to any other type of regime. Of those entitled to vote, 60% and 40% participated in the 2007 parliamentary and municipal elections, respectively. The decreasing turnouts can be attributed to disaffection with a political system that, in the opinion of many citizens, cannot provide for 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 nongovernmental and criminal actors in the ghettos, where government...
services are either minimal or completely lacking. Political patronage continues to be a norm within the democratic process.

There is a wide range of autonomous, self-organized groups and organizations. Their effectiveness and self-sustainability generally reflect the existing socioeconomic and cultural (e.g., racial and gender) barriers. The presence and impact of social capital varies across social classes and is evident in places where the ongoing work and presence of these groups contribute significantly to the social cohesiveness of communities. Some communities without them suffer from a marked breakdown in family structures, a lack of parental support and increases in the abuse of children.

II. Market Economy

6 | Level of Socioeconomic Development

Key indicators for Jamaica show a medium-range developmental level that lags behind those of other states of the Commonwealth Caribbean, which otherwise have much in common with Jamaica. Social exclusion is quantitatively and qualitatively very distinct, and its poverty and unemployment rates are high. The correlation of race (more specifically, the white or light-skinned minority) and class with prosperity continues and is a legacy of Jamaica’s history of slavery and colonialism. According to data from the Statistical Institute of Jamaica, the unemployment rate was 9.4% in October 2007 and 10.3% in July 2008. The Government of Jamaica Survey of Living Conditions 2007 report indicates that 9.9% of the population was living below the poverty line at $1 per day and that the Gini coefficient lies at 0.367, with 45% of the population in the poorest quintile. Members of the wealthiest quintile of the population consume 15 times more than those in the poorest quintile. In addition to uncontrollable external forces, high unemployment, violent crime and high debt have also hampered economic development. The HDI for Jamaica is 0.771, which gives the country a rank of 87th out of 179 countries. The World Economic Forum’s 2008 Global Competitiveness Report, in which Jamaica slipped six places to 86th out of 131 countries, concludes that violent crime inhibits increased investment.
### Economic Indicators

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<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
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<td><strong>GDP</strong></td>
<td>$ mn.</td>
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<td><strong>Growth of GDP</strong></td>
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<td><strong>Inflation (CPI)</strong></td>
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<td><strong>Unemployment</strong></td>
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<td><strong>Foreign direct investment</strong></td>
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<td>7.4</td>
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<td><strong>Export growth</strong></td>
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<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Import growth</strong></td>
<td>%</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td><strong>Current account balance</strong></td>
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<td><strong>Public debt</strong></td>
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<td>6015.8</td>
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<td><strong>External debt</strong></td>
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<td><strong>Total debt service</strong></td>
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<td>9.3</td>
<td>7.3</td>
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<td><strong>Cash surplus or deficit</strong></td>
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<td>-1.0</td>
<td>0.3</td>
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<tr>
<td><strong>Tax Revenue</strong></td>
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<td><strong>Government consumption</strong></td>
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<td>13.9</td>
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<td><strong>Public expnd. on educ.</strong></td>
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<td><strong>Public expnd. on health</strong></td>
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<tr>
<td><strong>R&amp;D expenditure</strong></td>
<td>% of GDP</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td><strong>Military expenditure</strong></td>
<td>% of GDP</td>
<td>0.5</td>
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### 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, but 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 open to foreign trade. Increases in foreign direct investment in tourism, banking, finance, bauxite
and alumina have increased competition in most important economic sectors, including telecommunications and the retail trade in food and imported consumer goods. The Inter-American Development Bank reports that, in 2001, informal sector activities, which contributed significantly to poverty decline in the last decade, accounted for 43% of official GDP and that 53% of workers in the employed labor force are in the informal sector.

The main aim of the Fair Competition Act of 1993 was to prevent anti-competitive practices. However, anti-monopoly legislation is intentionally not very well developed in order to create greater incentives for bigger corporations that can consequently be more competitive on the international stage. 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, a more proactive consumer affairs commission and the establishment of a Fair Trade Commission are aimed at promoting free trade.

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 the tariff range has been between 5% and 20% since 1998. However, Jamaica imposes duties on some imports to protect its most vulnerable sectors, and it enjoys preferred export relations with the United States and Canada. Pressure from global economic forces for WTO-compatible trade agreements led Jamaica – like some other Caricom countries – to sign a reciprocal regional economic partnership agreement with the European Union in 2008. The suspension of protective duties and preferential trade agreements with the European Union (as well as with the United States and Canada) signals Jamaica’s further integration into the world economy, although on terms that are less advantageous for it and indicative of the country’s loss of bargaining power vis-à-vis more powerful actors in the global 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.

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 regulated better than it has ever been in the country’s 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, on the one hand, and the monitoring of alternative investment schemes, on the other.
8 | Currency and Price Stability

Through monetary and exchange-rate policies, the government has maintained a stable macroeconomic environment in which the real exchange rate remained fairly stable through 2008. However, single-digit inflation targets were exceeded as a result of both internal and external shocks, including exchange-rate depreciation, the rise in oil prices and the long-term impact of several hurricanes (2005: 12.6; 2006: 5.8; 2007: 14.3; 2008: 19.6). The Bank of Jamaica, the country’s central bank, is not independent.

A policy for stability is followed in principle, but it lacks institutional safeguards for the future and is, consequently, prone to populist policy changes. Jamaica’s fiscal policy is influenced by heavy debts, losses by the Bank of Jamaica and a continuously high budget deficit.

9 | Private Property

The Jamaican Constitution guarantees property rights, and legislation has been enacted in order to protect and facilitate the acquisition and disposition of all property rights, including those related to intellectual property. There are some enforcement deficiencies due to slow procedures in the judiciary.

Private companies represent the backbone of the economy, but there are still state companies and strong market concentrations, such as oligopolies. The state tolerates concentration of market power, and the government has maintained a policy of privatizing state-owned enterprises, including hotels, the telephone and power-supply companies, and both of the country’s international airports. The repeal of the bauxite levy favors foreign investors.

10 | Welfare Regime

Economic decline, unemployment and poverty have negatively affected a social system that was considered exemplary until the 1960s, as structural adjustment measures have brought drastic cuts in the public-health, educational and other social services. However, the incidence of poverty decreased from 14.3% in 2006 to 9.9% in 2007. The government devotes almost 60% of its spending not used for debt payments and servicing to social services. Vulnerable groups received increased benefits through several initiatives under the government’s social-safety-net program. Free tuition and health care is available in public institutions, though it often suffers from low standards and insufficient resources. Increases in allowances to pensioners, a National Health Fund and an annual increase in the national
minimum wage (in Jamaican-dollar terms) have taken place. Most government institutions are under-resourced, limited in scope and cannot compensate for the existing gross social differences.

With regard to equal opportunity, despite considerable progress in the field of higher education, women on average receive lower wages than men, suffer unequal access to positions of power in both the public and private sectors, and have levels of unemployment twice as large as those of men. Leadership of central institutions of power and decision-making are dominated by the light-skinned and/or black male elite, and women do not experience equality of access or opportunity to these centers of power. Women comprise 13.6% of the members of parliament. Likewise, large numbers of young black males from lower socioeconomic groups are also disadvantaged. Data indicates that school attendance and enrollment, literacy and numeracy are much higher among girls than among boys. Males are four times more likely to kill and be killed; among young Jamaicans between 15 and 29, the ratio is 188 killed males to 14 females killed, while reported murders and rape of women have been increasing each year. The correlation between the high rate of violent crime in Jamaica and young men as the main victims and perpetrators poses long-term development challenges.

11 | Economic Performance

During the period under review, the government executed a fairly successful inflation-containment policy and kept a relatively stable exchange rate, but serious problems remain, including a debt/GDP ratio of 133.3% (2005), a high unemployment rate, poverty, a negative trade balance and a substantial budget deficit. Limited economic growth leaves the small, open Jamaican economy vulnerable and extremely dependent on outside forces. Unpredictable natural disasters rapidly destroy economic growth and restrict recovery, while global increases in oil and food prices have also constrained growth in the main economic sectors. Economic growth was low-to-negative (GDP was 1.4% in 2007 and -0.3% in September 2008; the estimate for 2008 is 0.0%), and the fiscal deficit increased to 6.1% of GDP (December 2008). The deterioration in the trade balance was influenced primarily by increases in world commodity prices, especially those of food and fuel. The current account deficit was financed by substantial net private and official investment inflows. The government’s statistical institute reports that the economy entered into a recession in March 2008, after the GDP had declined for three consecutive quarters. By the end of 2008, Jamaica’s foreign-exchange inflows from bauxite and alumina (which made up 55% of all merchandise exports), tourism (15% of GDP), remittances (20% of GDP) and foreign direct investment were falling rapidly in response to severely reduced global demand and the contraction of the global economy.
12 | Sustainability

There is a growing – but still inadequate – consciousness of the importance of environmental protection, which was originally promoted by nongovernmental organizations. It has more recently been taken up, though ineffectively and inconsistently, by the government and its development partners. The government has developed policies to protect natural resources and established a new administrative body to better coordinate environmental protection and planning. However, subordination to growth policies, coordination difficulties, a lack of political will and the sluggish judicial system hinder the implementation of environmental policies. An informed and articulate nongovernmental sector has often produced more meaningful suggestions for protecting the integrity of the environment and surrounding communities while still generating sustainable livelihoods. A demonstrated lack of commitment to sustainable development (especially in the tourism sector), limited financial resources in the state budget and the low capacity of local authorities mean that, even when measures are actually implemented, they cannot be maintained.

Jamaica guarantees free access to pre-primary, primary and secondary education, all of which have been tuition-free since 2008. Parents must still pay burdensome school fees to cover activities and services not paid for by the government. The Jamaica Survey of Living Conditions 2007 estimates that Jamaica achieved the comparatively high rate of 90.9% for net enrollment in primary education. However, this high enrollment level must be considered in combination with relatively poor educational outcomes (e.g., relatively high levels of illiteracy, which were estimated to be above 13% in 2007 by the UNESCO Institute of Statistics) and limited access to higher levels of the system for children from lower socioeconomic groups. The University of the West Indies, the University of Technology and the Northern Caribbean University are the country’s main universities. Education is one of the government’s priorities; for the 2006/2007 fiscal year, 11.80% of its total budget was allocated to this service. Institutions for education, training and R&D are present in significant sectors. Quantitatively and qualitatively, however, investment in education, training and R&D is somewhat low owing to constraints on the national budget.
Transformation Management

I. Level of Difficulty

Although they are moderate, Jamaica does have structural constraints on governance, which are related to both internal and external factors. In September 2007, the country experienced its first change in political leadership in 17 years. The tribal nature of Jamaica’s dominant political culture reflects the unwillingness and inability of the leadership of both parties to take concrete steps toward a broad-based governance process outside of the narrow confines of the bipartisan Westminster political system. The workforce is underprepared and undereducated, and the Labour Market Information System reports that, in 2006, 14,000 people – or 1.25% of the employed labor force – had received vocational training but remained uncertified. Other internal factors include: an extremely high murder rate; gender inequality; severe infrastructural deficiencies in the administration of justice, health and education; and extremes of poverty and social exclusion. The HIV/AIDS pandemic is a major constraint. The country’s Ministry of Health has reported that HIV/AIDS is the second leading cause of death in persons between 15 and 24 and that girls 15- to 19-years-old are three times more likely to be infected than males in the same age group. The annual rate of new cases of HIV/AIDS per 100,000 persons was 41.3 for Jamaica in 2007, as compared to 44.4 in 2006, although the number of HIV/AIDS-related deaths fell from 432 in 2006 to 320 in 2007. Likewise, in 2007 and 2008, severe damage to all major economic sectors and elements of the physical infrastructure caused by powerful hurricanes constrained management performance.

There have been increasingly more calls 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 “Profile on Civil Society in Jamaica” from the Inter-American Development Bank (IDB) 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 that are often linked to questions regarding the integrity of the governance process and relations between the public and private sectors. A
number of civil society organizations, which are often concerned with the extent of corruption involving both the public and private sectors, are focused on issues of trust in the governance process and between the various social classes. The tradition of volunteerism is challenged by increases in the cost of living, unemployment and violence.

During the period under review, the leaders of the two main political parties consolidated their positions, and some tendencies toward more consensual and anti-tribal politics were evident. However, periods of intense conflict along partisan lines still emerge around election time, and Jamaica’s 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 as well as against praedial larceny or acts of violence carried out by members of their own communities.

II. Management Performance

14 | Steering Capability

The commitment of Jamaica’s political elites to constitutional democracy is clear, and the pursuit of macroeconomic stability, a market economy and social development has been maintained. However, apart from these more general goals, the political leadership of neither government developed a long-term strategy for addressing the growing political, economic and social problems. In addition, long-term aims have sometimes been replaced by short-term interests related to political bargaining and office-seeking. Above all, there has been no strategy for consensus-building among the political elites, which would be necessary in order to pursue far-reaching reform policies. Nevertheless, the institutional framework for a market economy has improved as a result of IMF-supported structural adjustment policies, especially privatization, liberalization and the regulation of financial services.

The governments of both parties have had limited success in implementing the reforms they have promised. Jamaica’s dependence on the policy-based lending and conditionality of major financial institutions (e.g., the World Bank and the IDB) not only supports implementation, but also constrains the government’s flexibility in terms of economic policy-making. In addition, it is also constrained by the political leadership’s unwillingness to involve any stakeholders – besides those in the economic and political elite – in any dialogue aimed at identifying the
developmental opportunities inherent in a more transparent and democratic governance process.

While the government remains committed to democracy, the political leadership shows little willingness for inclusive, transparent policy learning. As a result, the routines of policy-making do not enable innovative approaches.

15 | Resource Efficiency

Jamaica only uses some of its available resources efficiently. Several factors, including a high degree of violent crime, inefficiency in parts 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 party in opposition ensures the public review of expenditures. There is a contractor general who aggressively monitors the procurement and awarding of government contracts and applies legal sanctions when necessary. A public-sector modernization/reform program comprises some 30 projects for transforming government departments into executive agencies in order to improve the quality of public services. Despite the shortcomings mentioned above, the government did succeed in realizing some of its reform goals.

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

The combination of violent crime, drug trafficking and party politics seriously interferes with the fight against corruption. The 2008 Global Competitiveness Index reported that Jamaica ranked 86th out of 131 countries, noting that the perception is strong that the country is corrupt, that people do not trust politicians and that – on a scale of one to seven, where one is the lowest – the country’s credibility score was 2.7. There is no public financing of political parties or laws that would regulate the sources and types of financing used by political parties. This would allow for more transparency and control of party finances as well as make the parties more independent of private and criminal interest groups, both local and foreign. During the period under review, measures aimed at improving 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 the establishment of a National Contracts’ Commission for public procurements. Legislation related to campaign financing is under consideration and enjoys bipartisan support.
16 | Consensus-Building

In principle, all major political actors agree on building a system that pursues the goals of democracy and a market-based economy. Some political and social actors have declared their support for doing so but question some of its features, while a few reject it outright. A number of actors, including trade unions, farmers’ organizations, a growing civil society, small businesses, women’s groups and environmentalists, question the establishment of the market economy model and demand the introduction of 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 consolidation of the market-based model remains contentious as long as the gap between the rich elite and mass of people living in poverty continues to widen and the people cannot influence the overall governance process. Under these circumstances, consensus-building between social classes, the private sector, the government and the political parties remains difficult.

There are no relevant anti-democratic veto powers. Representative democracy is rooted in the political culture, and constitutional rules are generally complied with. The PNP has not challenged the idea of an orderly market economy since the late 1980s, and the JLP never has. Governments under both parties have continually succeeded in excluding or co-opting possible actors with anti-democratic interests. While Jamaica’s national economy must adjust to global economic and political developments, there is resistance to a process according to which the most vulnerable groups would bear an unequal burden of the adjustments required as the market becomes increasingly liberalized. However, this resistance has not led to a rise of powerful anti-democratic actors.

Jamaica’s governments have succeeded in ensuring that any potential political conflicts along ethnic, religious or social lines do not become the focal point of politics. In general, the members of the two main parties view each other as competitors for scarce resources, and hostility and distrust characterize many of their interactions. The management of gang-related incidences of violent crime has become increasingly more difficult. Studies of recent developments suggest that Jamaican politics might be entering a period of reform and transformation driven by barely perceptible generational imperatives, which challenge the established styles of party leadership and create demands for new and broader forms of governance by civil society. Both parties owe their positions of power to the polarized two-party system and are, consequently, not interested in abandoning this political system.

The government acknowledges the important role of civil society in the development of social capital. However, the allegiance of both political leaderships...
to the two-party political system often constrains the accumulation of social capital and civic-mindedness across party lines and, in some communities, promotes clientelistic networks. 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 directly related to their own socioeconomic status and power, with vulnerable groups having the least influence. There is no legal framework guaranteeing participation of civil society in the decision-making process.

Not applicable

17 | International Cooperation

Since gaining independence, Jamaica has worked closely with other countries as well as many international organizations on the goals of socioeconomic reforms and democracy, though there are some deficiencies concerning its long-term strategy. 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 Caribbean Development Bank, the United States, Canada and the European Union. The IMF and the World Bank are responsible for coordinating the country’s 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 Jamaica’s market economy. For Caricom countries like Jamaica, three issues continue to dominate relations with its international partners: the WTO negotiations, implementing the Economic Partnership Agreement (EPA) signed in 2008 with the European Union to liberalize trade between the two markets, and trade negotiations with the United States and Canada. Through Caricom, Jamaica is required to maintain a vigilant presence in all of these negotiating arenas so as to ensure that the decisions that are made will give the country the policy space it needs to make paced adjustments to the global environment.

Several external actors collaborate with the government in support of representative democracy in Jamaica, especially 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. All these 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 African, Caribbean and Pacific (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 norms. If democracy were to be abolished in Jamaica, the undemocratic regime would be isolated both regionally and internationally. It would not only have to reckon with sanctions, but also with possible foreign intervention.

The government (of both parties) is generally considered a credible and reliable partner by the international community. As an active promoter of democracy, Jamaica has worked closely with other countries since gaining independence, for example, by performing leadership roles in many election-monitoring and -observing teams. In October 2008, Standard and Poor’s maintained its “B” rating of Jamaica’s external debt but changed its outlook for this rating from “stable” to “negative,” which raised the real prospect of a full downgrade in the country’s external debt rating (due to the potential impact of the global economic crisis), low export earnings and high commodity prices. The country has a diverse, well-established range of incentives for foreign direct investment across several 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, race or gender – have equal access to due process and full protection under the law.

Jamaica was originally supposed to gain 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 continues, but the process for the formation of the Caricom Single Market and Economy (CSME) has been impacted by recent changes in the leadership of six Caricom countries as well as by the signing of the Economic Partnership Agreement with the European Union. Jamaica has a leadership role in the CSME, but it constantly emphasizes that it is not striving for a political union with the other member countries. Jamaica and other Caricom member states have collective negotiating processes with industrialized and 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. The Golding administration has also improved relations with Venezuela and Cuba.
Strategic Outlook

The Jamaica Labour Party (JLP) government’s performance for just over a year has been mediocre, although it has had to face several challenges, including the destruction of productive and physical infrastructure by hurricanes, increased costs of imported commodities (e.g., food and oil), decreased earnings from key exports and fallout from the credit and financial crisis in the major global economies (which particularly affected Jamaica’s key markets for tourists and sources of remittances). However, despite high unemployment, corruption, disturbing levels of violent and organized crime, and abject poverty, the economy has still kept afloat. Improvements through police reform, better intelligence practices, community policing and social intervention have produced sporadic but unsustainable progress. The opposition People’s National Party (PNP) has failed to unify its internally hostile factions and is not presenting itself as a credible opposition or alternative government.

Caricom countries like Jamaica are facing the global crisis with many unresolved problems of their own. Of immediate importance is the need for governments to prepare their electorates for the many shocks to come, as the world heads for a severe recession with unpredictable consequences (for even larger, more developed markets that are much less fragile than open, trade-dependent and small island economies). Trade unions and opposition parties, while committed to defending their own particular constituencies, will have to act in the national interest when their countries are faced with a severe tightening of expenditures, potentially increased taxation and low-to-nonexistent growth rates. Under these circumstances, more intense collaboration across social groups and between major players and stakeholders as well as genuine consultations with civil society organizations is obviously required.

Strategic policy recommendations include: establishing the legislative framework for funding political parties, particularly as regards campaign financing, and for monitoring the functioning and internal democracy of political parties; reforms aimed at improving the administration of the justice system and continuing the removal of corrupt elements from the security forces; the passage and implementation of more stringent legislation aimed at breaking 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 for improving the capacity and productivity of the labor force to successfully compete in a globalized market; implementing policies, measures and tools aimed at achieving gender balance and gender equality in decision-making bodies with real and effective power; consistently implementing social safety nets and community interventions to complement continuing efforts to reduce violent organized criminal activities; implementing mechanisms aimed at widening and deepening 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-United States negotiations – so as to ensure that any agreements that are made
will give Jamaica the policy space and technical support it needs to adjust to the changing global environment at a pace that it can manage.