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Executive Summary

The most important action in the development and support of democracy in Jamaica is the consolidation of an inclusive, democratic governance process that would complement and enhance the narrow representative capacity of the bipartisan parliamentary system. In the period under review, the main political and economic actors have continued to resist this enhancement. A consolidation would provide “space and voice” to accommodate the legitimate concerns and interests of social groups who are presently excluded from meaningful political participation. Apart from voting in national elections every five years, the voices of such groups are absent from the centers of power and decision-making. Excluded groups include women, youth, elderly, disabled and rural dwellers. The emergence of a civil society coalition and other loosely organized groups of community-based organizations, along with a traditionally free press, have increasingly provided important spaces for the expression of concerns and views of diverse civil society interests. This is an important development and re-affirms the tradition of civic participation in public life. Threats to the sustained deepening of the democratic process from organized criminal networks are present and real. In the period under review, the development of a market economy has not been accompanied by an equitable sharing of the burdens and benefits of adjustments and reforms across social classes. Macroeconomic reforms associated with an IMF Standby Agreement have focused on adjustments toward a balanced budget, with fiscal reforms and debt management. While the Jamaica Debt Exchange has improved the government’s capacity to meet its debt obligations, the resources for adequately funded social safety nets and social and physical infrastructure are still not in place. The government’s own policy commitment to reduce poverty is at risk of not being honored, especially in light of the country’s slow recovery from the effects of the global economic crisis. The corrupting influences of the nexus between political and economic actors and organized crime constrain the efficient and effective use of state resources. These are resources which would otherwise be available for the creation of adequate social infrastructure and social safety nets and contribute to the growth of the economy. The high incidence of violent crime and high unemployment, especially among
women and youth, are seen by the population as the most pressing problems facing Jamaica. The extradition in 2010 of the most powerful drug lord in the country has significantly affected criminal networks, however, as evidenced by the sizeable decrease in all major crimes in the country since then.

History and Characteristics of Transformation

The historical legacies of slavery and plantations led to an open, import-dependent, monoculture economy as well as the formation of a society in which race, gender and class have been strong determinants of access to economic and political power. Jamaica’s political transformation to democracy has not been a linear, continuous development from early representative institutions to today’s democracy, as it was, for example, in Barbados. 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 and that has maintained a representative democracy; 15 government changes have taken place through general elections. Jamaica’s two leading political parties, the People’s National Party (PNP) and the Jamaica Labor 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 and in 2007 won the general election.

Researchers classify Jamaican democracy as patronage-based, a system in which citizens, especially those in lower income groups, are integrated into politics 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, and particularly in the capital, Kingston. Jamaica’s political system has alternated between high and moderate levels of consensual and tribal politics. Ideological polarization and confrontation were severe between the two parties in the 1970s. The problems peaked in 1980, when approximately 800 people died during the year’s elections. The 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. 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.

The JLP and PNP pursued different economic development strategies concerning economic transformation. 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. 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. Already 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. The
structural adjustment policies of the IMF and other multilateral lending agencies have dominated
the macroeconomic development of the country since that time. 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. Since the 1990s, liberalization of the economy has continued apace, with
important structural and beneficial changes to the telecommunications, financial services and
tourism sectors, and with significant growth of the informal economy. The JLP government
since 2007 has continued in this direction, and some important objectives have been achieved.
However, for the large part of the last two decades, market reforms and structural adjustment
have been accompanied by negative growth, large fiscal deficits and an unsustainable debt
burden.
The BTI combines text analysis and numerical assessments. The score for each question is provided below its respective title. The scale ranges from 10 (best) to 1 (worst).

Transformation Status

I. Political Transformation

1 | Stateness

The state’s monopoly on the use of force in Jamaica is established nationwide in principle, but it is challenged in a select number of political constituencies (garrison constituencies) in the capital city, and in three rural parishes. The most severe challenge took place in May 2010 in Kingston in a violent confrontation between state security forces and a highly organized criminal network (based in one such garrison constituency) which has connections to international gun and drug smuggling networks. 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, which 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 law enforcement agencies to implement crime control responses that both respect human rights and are effective. The state overcame the challenge in May 2010, however, which was based in a garrison constituency whose criminal network was the greatest competitor with the state on the use of force. The state’s success has now increased its effective monopoly on use of force, though the increase in the “garrisonization” of some political constituencies in rural parishes may diminish the state’s gains.

Jamaicans accept and support the nation-state as legitimate. A legislative framework exists which provides for individuals to access citizenship and naturalization. Under the country’s constitution, citizens of all ethnic groups have
the same civil rights, although factors of race, class, sexual orientation and gender often prevent the equitable exercise of these rights by all social classes.

There is separation of church and state. There are particular religious denominations which, acting as interest groups, have had an influential role in decision-making with regard to laws and public discussions on abortion, lifestyle choices and capital punishment.

The state’s administrative structure extends throughout the entire country, but its operation is inefficient, under-resourced and weak in some areas. The deficiency is related not only to a lack of resources, territorial scope and effectiveness, but also to a lack of political will to extend basic public services (accessible and affordable) to areas suffering with extreme poverty.

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 socioeconomic groups in general. There are no restraints on free and fair elections except in garrison constituencies, where a dominant political party can intimidate dissenters.

Parliament has not approved proposals for a legislative framework which covers the registration of political parties. Thus there are as of yet no laws which require political parties to be formally registered or to fulfill certain criteria. Also under discussion among the Electoral Commission of Jamaica, the two major political parties and a broader group of civil society organizations is the legislative framework which will address political party financing and campaign financing. Until these laws are in place, the two major parties do receive substantial funds from both local and foreign private sector interests with frequent allegations over sources being “illegal,” without having to report publicly on either amounts or sources. This results in some constraints on the fairness of elections with regard to campaigning and media access. Smaller parties, which do exist, are not able to campaign “on a level playing field,” and the party with the largest contributions dominates the media, and therefore can support a campaign with much greater outreach.

Elected rulers have the effective power to govern in principle, except in the garrison communities. Some power groups, such as large business interests with party connections or special interests, influence the governance process. The perception is that no individual or group holds any de facto veto power in parliament. However, there is a lack of transparency and accountability to parliament with respect to financial support from major private sector interests, which in the post-election
period have acquired major government contracts. As a result, there is a popular view that special interest groups can and do exert pressure on some policy decisions and on the governance process.

The Jamaican constitution does guarantee freedom of association and assembly. These laws are generally enforced, but it is not always possible to discern the extent to which security forces (the enforcement agency) have used transparent or non-discriminatory criteria in evaluating requests for permits to associate and/or assemble.

The constitution guarantees freedom of expression and these laws are enforced. However, there is an old libel law still in force that members of the media claim is injurious to their freedom to report, particularly on the actions and activities of politicians, public servants or highly placed private sector interests. This law is now the subject of intense debate between parliament, political leaders of the main parties as well as small parties, members of the judiciary and some leadership within broader civil society. The Access to Information Act is enforced and is effective, and is also increasingly being used by the media to get information on government contracts which are suspected to have breached government procurement procedures. The structure of the media system does provide for a plurality of opinions, but this may be affected by the power of media network owners, such that the diversity and range of perspectives that would be properly reflective of Jamaican society may, at times, be superseded by views of the business and political elite. Journalists’ attempts at self-censorship are not well-established or evenly spread across the media environment.

3 | Rule of Law

The separation of powers in government is generally in place. However, the situation has deteriorated (in the period under review) with respect to the restoring of a power balance when temporary restrictions on checks and balances occur. Sections of the legal profession have pointed to instances in which the prime minister (as head of the executive) is deemed to have overstepped his authority and undermined the authority of the Public Services Commission, regarding the appointments of key senior public sector officials. In one example, the current solicitor general was appointed; this post is supposed to be a public servant, not a political appointee. A second example describes a ruling by the government cabinet which challenged, and then overruled, a decision by the Office of the Contractor General over contractors and companies considered “eligible” to receive government contracts. How in these cases a restoration of balance could be sought, and by whom, is not clear.
Generally the judiciary is viewed as independent and free from both unconstitutional intervention by other institutions and from corruption. A significant body of jurisprudence exists, and legal education is increasingly being made available (although it is very expensive) through a diverse group of educational institutions.

Mechanisms do exist for the judicial review of legislative and executive acts, as do channels of appeal. Weaknesses in court administration are well-documented.

In 2009 however the independence of the judiciary was called into question because of the state’s handling of an extradition request by the United States for an alleged criminal. The Jamaican prime minister himself announced that Jamaica would not sign the extradition request; it was only signed after he announced on state television that he would allow it. This evident overstepping of members of the executive into judicial matters suggests that the judiciary is not entirely independent, though the surprise registered by representatives of civil society and the legal profession at this act suggests that this is not typical.

Office holders, such as politicians and public sector officials, who break the law and engage in corruption are not prosecuted adequately under the law, although a few cases are reported of such office holders being sent on vacation pending the results of investigations. They may attract adverse publicity, but the extent of public contempt is often constrained by a political culture in which such behavior is condoned by those partisan, political activists who benefit. At the same time, individuals in the private sector who benefit from such political corruption usually remain silent. This nexus between corruption and the political and business elites undermine the rule of law. During the period under review, however, corrupt police officers were more frequently arrested, convicted and removed from the force.

Civil and human rights are guaranteed, but are often partially or temporarily violated or are not protected in some parts of the country. Certain communities of persons, including the poorest and most vulnerable groups such as young, black, unemployed men, and the disabled still suffer from their limited ability to pay for the required legal defense, which is a major constraint on their ability to seek redress. De jure, the exercise of state power is limited by the rule of law, but de facto, civil and human rights are violated by state security forces in well-publicized cases. In May 2010, attacks on institutions of the state (police stations and public hospitals) by a well-organized criminal network invoked the response of state security and resulted in a confrontation and the (reported) death of 73 people. Calls from human rights groups and from a range of other civil society groups, as well as the public defender, for a full-scale commission of enquiry into this confrontation, to ascertain the number of people (mostly young, black, unemployed men) who were killed by state security or by gunmen, remain unanswered. A commission of enquiry is one mechanism which could be formally established to help seek redress.
of violations of civil rights. The findings of the enquiry could include recommendations for another institution of the state (the Director of Public Prosecutions, DPP) to initiate criminal proceedings against persons deemed by the enquiry to have committed human rights violations. However, the final decision rests with the DPP, based on the office’s assessment of the information presented, as to whether criminal proceedings should be initiated against any person. The situation in respect of women as a vulnerable group is further complicated and worsened as a result of the highly sexualized environment and culture in Jamaica in which a woman’s body is seen primarily as a sex object. Incidents of sexual harassment and abuse, rape and incest are therefore frequently treated lightly and not as serious offences. Awareness within the security forces (particularly the police, but less so the army) through specialized training of women’s rights as human rights, along with the establishment of the Center for the Investigation of Sexual Offences and Abuse, has brought some improvement in the treatment of women and women’s own attempts to seek redress from abuses.

Acts of injustice also refer to the numerous extrajudicial killings both by members of the police force and the army, in which victims and families of victims face unjust and unfair treatment at the hands of the administrators of the justice system and the security forces. Corruption within elements of the security forces and serious weaknesses in the administration of justice contribute to this problem. Increasingly, the courts are referring cases of certain “low-level conflicts,” meaning not involving physical assault or gun/drug crimes, to the Dispute Resolution Foundation. At the foundation, working with legal counsel and through certain legally accepted mediation processes, many conflicts are resolved and reconciliation achieved.

While Jamaica in recent history has not had to grapple with episodes of civil war or genocide, the Ministry of Justice has launched a Restorative and Community Justice (RCJ) Program as a means of settling disputes, where the aim is to repair the harm done to the victim while healing the community, and so reduce the overall level of violence. The program aims to provide alternative mechanisms for resolving disputes by bringing the victim, offender, community and state together to work out problems arising from petty crime, anti-social behavior, quarrels and other disagreements. The RCJ is being piloted in four communities island-wide.

4 | Stability of Democratic Institutions

Friction between democratic institutions is often related to the inappropriate resolution of conflicting interests, as for example the centralization of decision-making and resource allocation in ministries after approvals in the national parliament. These decisions sometimes favor a national partisan/political agenda or the agenda of special interest groups, and ignore the interests and concerns of local
governments and rural communities. Decisions regarding the repairs and construction of roads or which contractors are able to obtain government contracts are two examples of this situation. The effectiveness and efficiency of local government institutions as democratic institutions are undermined in this process, especially on occasion when politicians at the local level are obliged (or are willing) to tow the national party line to ensure the delivery of resources.

While most democratic institutions are accepted as legitimate, this legitimacy is being increasingly challenged on the basis of the ability and/or the willingness of leadership to engage in dialogue which is mutually respectful and meaningful. In conditions of increasing levels of poverty and social exclusion, the leadership and members of civic associations, religious, women’s and youth organizations call now and often for a more, broad-based democratic governance process to cut across the bipartisan democratic parliamentary system and enhance it, as well as acknowledge as legitimate the groups’ calls for more a transparent and inclusive process.

5 | Political and Social Integration

Jamaica’s two-party system, dominated by the Jamaica Labor Party (JLP) and the People’s National Party (PNP), is fairly stable and socially rooted along historic bipartisan lines, which has mitigated against the development of other political parties that could successfully challenge the bipartisan nature of the political culture. There has traditionally been a tendency to maintain this bipartisan situation and thus fragmentation has been moderate, as is voter volatility. The inability of the two major parties to not only articulate but also to aggregate broad societal interest has resulted in lowering general interest in not only both major parties but also in the political system and process generally. Thirty percent of the voting population has consistently registered “not interested in either party” for some time, but simultaneously the introduction of a “third” political party has not been successful. Polarization cannot be described as moderate, given the extreme bipartisan and tribal nature of the country’s political culture.

Jamaica has a long history and awareness of the importance of civic and community activities and groups. A fairly wide range of interests is represented across groups, but given the extremes of wealth and poverty and high levels of social exclusion in society, just a few players dominate the centers of power and decision-making. The capacity to incorporate all (competing) social interests and to avoid the dominance of strong interests is weak and has not been the tendency of the political system. Trade unions are generally seen as weak and struggling to retain a national presence. During the period under review, and in response to severe challenges faced by the political system from organized criminal networks, a coalition of key civil society organizations and their leaders has emerged as a “space” in which this imbalance could be addressed, and the dominance of the few strong interests
The “Jamaica Civil Society Coalition” includes the private sector, human rights’ groups, environmental and women’s organizations, umbrella groups of churches and the media. There have been occasions on which organized political power has attempted to undermine the work of the coalition as the latter has attempted to curtail the dominance of strong interest groups and to develop a more inclusive, democratic governance process, to be able to mediate between society and the political system.

Approval of democratic norms and procedures is medium to high, with a reasonable awareness of what living in a democracy should mean. What is increasingly evident is that democratic deficits exist as a result of the inequitable application of these norms and procedures across social classes. Experiences of these deficits by large sections of the population lead to increasing mistrust of certain institutions, but not necessarily of general democratic norms. The least trusted institutions are political parties and the police force, while the legal system and administration of justice are seen as weak and inequitable, working primarily in favor of those who can afford highly paid lawyers. Poorly prepared case work and weak administrative processes contribute to the violation of some basic human rights, and to the belief that “all are not equal under the law.”

There are a substantial number of autonomous, self-organized groups, associations and organizations, with a fairly high level of trust within their membership. However, this tendency is sometimes undermined by the deeply divisive, tribal bipartisan culture which exists in large numbers of communities in urban areas. There are between 5,000 and 6,000 community based organizations across Jamaica. According to the 2010 Latin American Public Opinion Project (LAPOP) survey, interpersonal trust is at a medium level in the Americas (56.9%).

II. Economic Transformation

The relevant source is the 2010 Survey of Living Conditions (SLC) reporting on poverty and other indicators up to 2009. In 2009, some 16.5% of the population lived below the poverty line, higher than 12.3% of the population in 2008. The reported increase in poverty is not surprising given the country’s general economic conditions. According to the SLC, the minimum wage (as of Dec 2010) was $45 per week; the economy was experiencing negative real GDP growth (2009–2010); and the inflation rate increased from 10.0% in 2009 to 11.7% in 2010 (estimated). The SLC also reported a 20.9% reduction in the flow of remittances and an 18.8%
reduction in business revenue. In 2010, the national unemployment level was high at 11.6%, yet the breakdown of unemployment is relevant, as 15.9% of women were unemployed yet only 8.1% of men. Gaps in the distribution of income and wealth persist, with the nominal mean per capita income of the upper/middle classes being almost seven times that of the poorest consumers, according to the SLC. Jamaica experienced a 10% drop in its United Nations HDI score, from 0.766 in 2009 to 0.688 in 2010. Using the Gini coefficient as a measure of national income inequality, Jamaica has a score of 45.5% (2004). Persistent gender norms remain, which affect the extent of social exclusion of women and men. Despite more women accessing tertiary education, employment possibilities are limited to the lowest-paying, most volatile and vulnerable sections of the services industries and the informal economy, which they dominate. Young men without a high school education or any form of training or certification also drift into the informal economy or into illegal economic activities. Both young women and men in these groups experience serious social exclusion that impedes their participation in economic activities and opportunities in an economy that is not yet a fully functional market economy.

<table>
<thead>
<tr>
<th>Economic indicators</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
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<tr>
<td><strong>GDP</strong></td>
<td>$ mn.</td>
<td>12893.7</td>
<td>14245.1</td>
<td>12574.9</td>
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<td><strong>GDP growth</strong></td>
<td>%</td>
<td>1.4</td>
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<td>-3.0</td>
</tr>
<tr>
<td><strong>Inflation (CPI)</strong></td>
<td>%</td>
<td>9.3</td>
<td>22.0</td>
<td>9.6</td>
</tr>
<tr>
<td><strong>Unemployment</strong></td>
<td>%</td>
<td>9.4</td>
<td>10.6</td>
<td>11.4</td>
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<tr>
<td><strong>Foreign direct investment</strong></td>
<td>% of GDP</td>
<td>6.7</td>
<td>10.1</td>
<td>4.3</td>
</tr>
<tr>
<td><strong>Export growth</strong></td>
<td>%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Import growth</strong></td>
<td>%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Current account balance</strong></td>
<td>$ mn.</td>
<td>-2038.1</td>
<td>-2793.3</td>
<td>-1127.5</td>
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<tr>
<td><strong>Public debt</strong></td>
<td>% of GDP</td>
<td>114.2</td>
<td>126.1</td>
<td>141.1</td>
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<td><strong>External debt</strong></td>
<td>$ mn.</td>
<td>10421.5</td>
<td>10330.8</td>
<td>10986.8</td>
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<td><strong>Total debt service</strong></td>
<td>$ mn.</td>
<td>1307.0</td>
<td>1158.7</td>
<td>1459.3</td>
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### Economic Indicators

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<th>Economic Indicators</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
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<tbody>
<tr>
<td>Cash surplus or deficit % of GDP</td>
<td>-4.0</td>
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<td>-15.9</td>
<td>-</td>
</tr>
<tr>
<td>Tax revenue % of GDP</td>
<td>26.9</td>
<td>26.2</td>
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<tr>
<td>Government consumption % of GDP</td>
<td>14.0</td>
<td>15.0</td>
<td>15.2</td>
<td>16.6</td>
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<tr>
<td>Public expnd. on edu. % of GDP</td>
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<td>6.2</td>
<td>5.8</td>
<td>-</td>
</tr>
<tr>
<td>Public expnd. on health % of GDP</td>
<td>4.9</td>
<td>4.8</td>
<td>5.1</td>
<td>-</td>
</tr>
<tr>
<td>R&amp;D expenditure % of GDP</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Military expenditure % of GDP</td>
<td>0.7</td>
<td>0.9</td>
<td>0.9</td>
<td>-</td>
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</table>


### 7 | Organization of the Market and Competition

The government remains commercially involved in the agriculture, mining, utilities, banking and transport industries through a number of publicly owned companies. These sectors are regarded as strategically important. There is currently little government involvement in tourism, telecommunications and financial services, and market access is relatively open in these sectors. Under the General Agreement on Trade in Services (GATS), Jamaica participated in extended negotiations on basic telecommunications and financial services, and presented offers in both negotiations. The level of competition in the communications subsector has increased significantly since the liberalization of the telecommunications market and has led to a large increase in the number of providers, a decrease in the cost of international telephone calls and a strong increase in Jamaica’s teledensity.

Insurance, an industry where foreign ownership was initially limited, was liberalized in the WTO Negotiations on Financial Services, but as of mid-2010 Jamaica had not yet ratified the Fifth Protocol to the GATS (2010 WTO Trade Policy Review). The informal economic sector is large; according to a World Bank study, the sector is estimated as claiming 40% of overall economy activity.

A competition law (The Fair Competition Act) exists which is not anti-monopoly, and the Fair Trading Commission (which administers the law) cannot rule in the case of a merger unless the new entity engages in anti-competitive behavior or conduct. So while there is regulation to prevent anti-competitive conduct, it does not prevent monopolistic structures. This monopoly situation is seen clearly in the provision of electricity, which is controlled by one foreign-owned company. This company has multi-decade, exclusive rights to transmit, distribute and supply...
electricity to Jamaica. It is to be noted however that the government (as a political decision) does retain a percentage ownership (less than 50%) in this company.

The 2010 WTO Trade Review notes that Jamaica imposes no taxes or quantitative restrictions on exports and has a number of tax incentives that attempt to encourage exportation. Four export subsidy programs exist which currently benefit from an extension of the transition period for developing countries under WTO rules. Progress has been made toward creating a more investment-friendly environment, and the investment regime continues to be open to foreign investors, who benefit from a number of incentives including duty and tax concessions. Tariffs and other duties and charges remain Jamaica’s main trade policy instrument. The government generates a substantial share of its central revenue, between 27% and 28% of total tax revenues, from tariffs and other charges on imports, which are seen as critical in light of the country’s structural fiscal deficit. In the context of Caricom’s Common External Tariff, Jamaica’s average Most Favored Nation tariff was 9.4% in 2010, up from 8.6% in 2004, which reflects the increase of tariff rates for luxury goods. Protection is higher for agricultural products than for industrial products, and the tariff structure shows escalation. No seasonal tariffs or tariff quotas are used. Jamaica has bound all its tariff lines, thereby increasing the predictability of its trade regime, although the gap between applied and bound tariffs remains wide and applied rates are above their bound levels for a small number of products. Jamaica imposes fees for providing specific services, including a Customs User Fee, a Standard Compliance Fee (collected on behalf of the Bureau of Standards), an Import Entry Processing Fee and an Environmental Levy. Domestic taxes, notably the general consumption tax levied at a standard rate of 17.5%, are levied on imports and domestically produced goods. Import prohibitions are applied for health, security, moral or environmental considerations, or under international conventions. Jamaica is an original and active member of the WTO and is a strong supporter of special and differential treatment for developing countries within the WTO and the Doha Development Agenda negotiations. Jamaica grants at least Most Favored Nation treatment to all trading partners.

The banking system is generally well-capitalized and has been highly profitable in recent years, in the context of high interest rates on government securities. The IMF reported a capital adequacy ratio (CAR) of 18.9% at the end of December 2009 and a share of non-performing loans of total loans of 4.1% for the third quarter of 2009.

The large holdings of government securities by Jamaican financial institutions make them more vulnerable amid the country’s weak fiscal situation during the period under review. The relative size of the securities dealers’ sector and inter-linkages within financial conglomerates resulted more broadly in threats to the financial system. The Jamaica Debt Exchange program, JDX, is one component of the reforms instituted in response to not only the country’s large debt burden but also to the recent global financial crisis. Policy reforms also include strengthening the
financial system by way of a Financial System Support Fund ($1 billion from multilateral funds), increased supervision by the Central Bank of financial conglomerates and more stringent capitalization requirements. The IMF 2010 Staff Report indicates that amendments to the Bank of Jamaica Act will give the Central Bank well-defined, overall responsibility for financial system stability, together with full authority to collect all necessary information from all financial institutions as well as from the functional regulators of these entities, for example, the Financial Services Commission.

8 | Currency and Price Stability

In the period under review, the economy was seriously affected by the global economic crisis. After the global economic shock of September 2008, both the non-bank financial sector and the government faced external funding shortfalls. Currency pressure prompted the Central Bank to intervene in the foreign exchange market and provide liquidity to securities dealers. Exchange rate flexibility is a key element of Jamaica’s macroeconomic framework; therefore the exchange rate policy favors a managed floating exchange rate regime. The IMF (2010 Staff Report for 2009 Article IV consultation) reports that the nominal exchange rate has adjusted significantly over the past year. There is significant political sensitivity in relation to exchange rate volatility, and to uncertainty in expectations among economic actors. The average annual exchange was JMD 89.61 per $1 in 2009 and JMD 86.50 per $1 in 2010. Inflation volatility was moderate, with an average inflation rate of 10.2% in 2009 and 11.7% in 2010. The de facto independence of the Central Bank was called into question in 2009 when the Central Bank governor unexpectedly resigned from his post while leading complex negotiations for a possible Stand-By Facility with the IMF. While this decision was ostensibly based on disagreements between the governor and the government about his compensation package, it reflected the rising tensions between the Central Bank’s pursuit of monetary policy and the government’s fiscal budget.

Jamaica’s debt burden is very high, with an equivalent to 65.1% of tax revenue and 16% of GDP; and a total debt-to-GDP ratio of 140% in 2009–2010. The debt portfolio comprises 55.5% of domestic and 44.5% of external debt (including multilateral debt). The overall public sector deficit in 2009–2010 was 13.5% of GDP. Achieving a meaningful reduction in Jamaica’s public debt service burden is therefore critical, both for fiscal consolidation and debt sustainability.

The government engaged its creditors in a comprehensive debt exchange program (Jamaica Debt Exchange, JDX) with a view of balancing fiscal goals with the need to limit the costs to the financial sector, whose continued involvement in the public debt market is critical. The two main fiscal objectives of the debt exchange were to achieve a reduction in the public interest bill of at least 3% of GDP in fiscal year
2010–2011 and a three-quarter reduction in the rollover requirements of domestic bonds over the next three years. Fiscal reforms and debt sustainability (via the JDX program) are the central planks of the macroeconomic framework of the IMF agreement signed in February 2010. One of the objectives is to almost eliminate the overall public sector deficit over the next four years. This is considered ambitious, although an attempt has been made to spread the adjustment between increased revenues, reduced primary expenditure and improved public sector balances. Through the JDX, creditors are also called upon to assume a part of the burden, while the neediest are to be protected by the provisions in the IMF program for an enhanced social safety net. While the JDX was successfully completed, the need for such significant action (albeit precipitated by the global financial crisis) reflected at the time that the government’s existing fiscal and debt policies undermined long-term macroeconomic stability.

The success of this policy will be determined by the extent to which the appropriate political and social consensus can be built around the need for sustained fiscal adjustments and financial system stability.

9 | Private Property

Property rights and regulations on acquisition, benefits, use and sale are defined in the constitution. Enforcement and implementation problems are often related to difficulties in accessing a title (excessive bureaucratic delays, a high government stamp duty, legal fees and transfer taxes, for example).

Private companies are viewed institutionally as important engines of economic production and are given legal safeguards, but a concentration of market power (state companies and oligopolies) is tolerated. The process of privatization of state companies is frequently accompanied by procurement procedures which flout national law and internationally accepted standards, and do not allow for transparent and competitive bidding processes. The establishment of the Office of Contractor General in recent years has gone some way in exposing breaches and recommending appropriate penalties. Non-transparent, uncompetitive procurement procedures are widespread, and are public knowledge due to the work of the Office of Contractor General.

10 | Welfare Regime

Social safety nets are not well-developed and a significant part of the population lives with the risk of poverty. The Survey of Living Conditions (2010) report found that 16.5% of the population now lives below the poverty line. A government-funded program, the Program for Advancement through Health and Education
(PATHE), provides financial support for vulnerable families as an incentive for their children to attend school and also attend health clinics for regular checkups. The head of a household which meets certain criteria can also get partial support for children (under 18 years) attending government secondary schools, to cover ancillary fees that most schools charge, as government subvention does not cover the cost of providing the most basic essential school programs. Government infirmaries exist at the local level but are traditionally in poor condition, underfunded and understaffed. A range of voluntary, faith-based or private service organizations provides support for these institutions which help the indigent, disabled, orphans, and persons living with HIV/AIDS. A government school meals program exists for a limited number of primary schools in poverty-stricken communities, which is linked to the PATHE program. A mandatory, contributory national insurance scheme exists for all taxpayers, (self-employed as well as pay-as-you-earn) and benefits are available on retirement. However, the value and purchasing power of these benefits are minimized by regular increases in inflation. Pensions payable on retirement are taxed, as are interest earnings from investment funds. Government policy speaks of both free education and free health care at public institutions. Minimal government subventions in both cases result in schools having to charge ancillary fees to keep the schools functioning, and the public health care is characterized by insufficient numbers of health care providers, non-functioning critical equipment and an absence of medication from hospital pharmacies, resulting in inadequate health care for the most vulnerable. An important component of the social safety net is a government-funded national health insurance scheme, which provides coverage for medications needed for a select number of lifestyle-related diseases (diabetes, hypertension or cardiovascular disease). Residents of inner-city communities and very rural communities in particular do not benefit from these social safety nets, though they are often the ones who need it most.

The Jamaican constitution (Chapter III) speaks to protection from discrimination based on race, place of origin, political opinions, color, creed or gender as declaratory statements only. Section 24, which defines discrimination and lists the grounds on which discrimination may be charged, does not include gender. Rights on the basis of gender are therefore not “justiciable” and citizens cannot find protection in court over gender-based discrimination. A Bill of Rights recently passed by both houses in parliament does correct this omission, but the bill is not yet law. Since race and color are both listed as grounds on which discrimination may be charged, citizens can seek “remedy” in court over such cases. Jamaica is signatory to the United Nations Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), but it has not ratified the Optional Protocol associated with this convention. An act exists which provides for equal pay for work of equal value, as a way of protecting women from income discrimination in the workplace. Such legislation against discrimination on the grounds of gender
does exist, but its implementation and monitoring for the most part is insufficient. Jamaica enjoys near gender balance in respect of enrollment of girls and boys at the primary level. A gender imbalance begins to appear at the secondary level (15 to 16 years old), when girls begin to outnumber boys, and this situation worsens at the tertiary level, where the percentage of females to males enrolled at the tertiary level is 221%. It should also be noted that the gross enrollment ratio for tertiary education is only 24.2%. Access to tertiary education is generally constrained by the inability to pay, which is related to the poverty status of a significant part of the population. Equal access to education is limited by the socioeconomic condition of young people generally, with children of the elite and middle classes having opportunities which the majority does not. The dropout rate of young men, at both secondary and tertiary levels, is related to societal gender expectations and roles as bread winners. Role models of successful providers who have not completed tertiary education, but have regardless acquired wealth and social status through informal (sometimes illegal) economic activities, or as popular artists or athletes, provide an attractive alternative for young men rather than does a costly tertiary education program. The dominance of young women at the tertiary level is not replicated however in employment opportunities. The unemployment rate of women is twice that of men. Despite an increase in the number of individual women in leading positions, especially in public service, equal access of women to employment continues to be affected by systemic gender discrimination and gender division in labor. Social and economic status, which is closely aligned with one’s complexion (ethnicity), continues to affect the extent to which a significant part of the population can participate in society.

11 | Economic Performance

The country’s economic performance is poor, with negative GDP growth (-1.6% in 2008–2009 and -3.2% in 2009–2010); high unemployment levels (11.4% in 2009 and 11.6% in July 2010); low price stability (inflation rate of 10.2% in 2009 and 11.7% in 2010); high fiscal deficit (10.9% of GDP in 2009–2010); rising debt (total debt to GDP of 123% in December 2009 and 130% in December 2010). Tax overhang is high, representing 60% of fiscal revenue. There has been a gradual increase in the stock of nominal debt, with support from multilateral agencies. Since March 2010, the IMF has disbursed over $193 million in loans, as part of the $1.2 billion Stand-By Agreement facility. Support from other multilateral institutions has seen approximately $650 million in loans also disbursed. During January 2009 to September 2009, Jamaica had an accumulated trade deficit of $883.5 million, compared to the same period in 2010, which showed an increased trade deficit of $2.73 billion.
12 | Sustainability

Environmental concerns receive only sporadic consideration and are often subordinated to growth efforts. This is evident particularly in the tourism sector where environmental NGOs continue to expose the extent to which the government’s National Environmental Protection Agency is associated with the weak enforcement of regulation, especially where other government agencies or large foreign-investment projects (hotels or the construction of roads) are involved. It is reported that efforts are being made to upgrade penalties given for breaches of regulations, as enforcement of regulations that do exist is largely ineffective due to minimal penalties. The government is now discussing an energy policy which seeks to diversify Jamaica’s energy sources to include liquid natural gas, yet there are no reported incentives for environmentally sound consumption and investments for households and companies. There are individual efforts by private companies, schools and NGOs to promote environmental consciousness and support the development of environmentally sound projects. These individual efforts also include those by some hotel chains which have “greening policies and projects” to improve their profile within the global tourism market.

Education policy contributes to a system of education and training which achieves credible levels of performance in selected primary and high school or secondary schools, but sub-standard levels in others. Qualitative deficits are related to generally sub-standard or unqualified teachers at basic schools, high school pupil-teacher ratios, a lack of teaching resources and inconsistent levels of literacy throughout the system, although the adult literacy rate (over 15 years old) is 85%, with a female literacy rate of 90.8% and a male literacy rate of 80.6%. Qualitative deficits also include insufficient school enrollment in areas of abject poverty, rural or urban, areas that are often plagued by organized crime and a poor or lacking social infrastructure, such as poor public transportation, water and electricity services. The gross school enrollment ratio of 93% does not reflect the inconsistency in enrollment levels that exists across the country. Government education policy covers all primary and secondary school or high schools, with many in the latter group having co-management structures (at the board level) with faith-based organizations. A selected number of privately owned and run high schools do exist. There is an ongoing debate within the sector and with the public about the need to have teacher salary upgrades related to performance assessments, as one way of ridding the system of teachers whose performance is identified with low levels of student achievement. In recent years, the government focus has been to redirect resources from the Mona Campus of the University of the West Indies to basic and primary level education, to address the qualitative deficits that exist at these levels. This has included mandatory upgrading and qualification of teachers at basic and primary levels, and some improvement to school infrastructure, including
the implementation of an e-learning program and the establishment of computer labs with support from private and international agencies. The ability to maintain an average investment of 6% of GDP (2008) in education and to achieve the related Millennium Development Goal by 2015 is threatened by the demands of the current IMF agreement, which requires a significant reduction in the country’s fiscal deficit. Financial support exists in the form of loans from the Students’ Loan Bureau for programs of study at tertiary institutions approved by the Ministry of Education. Reduced support for public tertiary institutions has resulted in marked reduction in staff and other resources for research at undergraduate and graduate levels. There has been an increase in competitiveness in the tertiary sector with the establishment of several local and foreign private universities, many of which are, increasingly, offering online study and with smaller campuses in selected rural areas. Research and development expenditure is rather low at 0.9%, according to the 2010 Legatum Prosperity Index.
Transformation Management

I. Level of Difficulty

Clear constraints do exist in terms of the level of poverty, a labor force with training and or certification that is often irrelevant to the demands of the growth centers of the national and global economy, resource constraints associated with small-island developing economies, vulnerability to frequent natural disasters, and the threat of HIV/AIDS. These are all part of the country-specific profile of the constraints for Jamaica. In addition, however, the political leadership’s governance capacity is significantly constrained by its own actions which do not facilitate consensus-building or collective and participatory approaches to problem-solving. Increasing public exposure of widespread corruption, cronyism and the waste of public resources leads to the inability to attract the expertise and commitment necessary for policy prescriptions for the “sharing of the burden of the adjustments” required, not only macroeconomic stability but also for growth and human development. The country’s homicide rate, which is among the highest in the world, is a major structural constraint.

In addition, according to an Inter-American Development Bank (IADB) report, unattached youth (15- to 24-years-old) comprise 34% of all Jamaican young people, with more women than men, due to nationally higher levels of female unemployment. It is pointed out that a quarter of these youth live below the poverty line, while a greater number live in households headed by females and/or with heads with lower educational levels, in which the mean household size of six persons is higher than the national average of four persons. These youth typically have not completed a high school education nor have training/certification in any trade. Though Jamaican men have borne the brunt of job cuts, the consequences for women in low socioeconomic strata are greater, especially those (46%) who are the single heads of their households and families. The wider community and societal impact of this situation, in terms of inter-generational poverty, stability and general welfare is significant, especially for unattached youth. The economic crisis, national and global, has resulted in the loss of 80,000 jobs (over two years) across all sectors, at a time when 31% of Jamaican companies express uncertainty about their ability in the short-term to create new jobs. Any new jobs, businesses insist, would go to workers with higher levels of education, greater levels of technical
competence, a positive disposition toward work and workplace ethics and more hands-on experience and/or training. This comes against the background of a report that the productivity of the Jamaican worker, that is output per worker, has declined on average by 1.3% per annum between 1972 and 2007.

Civil society traditions are fairly strong, with historically developed notions of the importance of public and civic engagement at both the national and community level. There are regular reports of schools with high levels of academic performance, in both rural and urban areas, being actively supported by range of civic associations, properly grounded in the community and a focal point for social cohesion. A diverse range and number of active civic associations exist and are credited for ensuring that a recognizable level of social cohesion at the community level exists, except for those communities which are dominated by leaders of organized criminal networks. Social trust is most evident within communities that are not significantly influenced either by a culture of divisive partisan politics or by organized crime.

Violent incidents are associated primarily with the actions of organized criminal networks, and with incidents of domestic violence. Society is deeply polarized along the lines of class, race and gender, with the visibly black members of society comprising the rural and urban poor and middle classes. The social and political elite comprise primarily the light-skinned members of society. This polarization does not at this time result in violent conflicts, nor do mobilized groups or protest movements dominate politics. Recent protests have instead been related to dissatisfaction with poor road or sanitary facilities, or unresolved disputes over wages and working conditions.

II. Management Performance

14 | Steering Capability

The immediate concerns of success in electoral contests continues to dominate the government’s overall strategic priorities, although an unsustainable debt burden forced the country to sign an IMF agreement (27 months) which itself sets the macroeconomic framework within which policy and institutional reforms are scheduled in the short- to medium-term. This is the background against which strategic priorities are being identified. The main objectives of government’s economic policy as shaped by the IMF agreement are: to reduce the public debt GDP ratio; improve fiscal discipline; and increase real GDP growth. Changes to the legislative framework for the financial sector, the debt and treasury management
programs, tax reform and the Public Sector Rationalization Program are some signs of movement toward a market economy. The reform drivers are the Ministry of Finance and Planning and the prime minister, as well as powerful private sector interests with whom the governing party has important alliances. For example, with aggressive support from the private sector, the Public Sector Rationalization Program is scheduled to produce “a leaner more efficient public sector” and reduce the burden on the budget. The privatization of government-owned assets is also taking place. The leadership of the trade union sector has also given conditional support to this effort, although it has concerns about the lack of transparency in the process itself and whether certain proposed mergers will actually improve efficiencies, and not just result in sub-standard public sector service delivery.

Political will and balance of power within the government cabinet will also be tested, as this rationalization of the public sector will necessarily result in a reduction of the number of ministries. Defenders of the status quo, it is believed, who do not want the development of a broad, inclusive democratic governance process, are already resisting plans. The ways in which strategic priorities are decided cannot be disconnected from the overall, prevailing political situation in which the prime minister and certain cabinet members are themselves the subject of public scrutiny, having lost credibility due to their association in a number of controversies. The short-term benefits to be derived from making populist decisions to secure success in the next general elections are likely to dominate strategic policy decisions which are not constrained by the conditionalities of the IMF agreement.

The government has had only limited success in implementing its policies. In the period under review, policies are driven primarily by a National Development Plan (NDP), Vision 2030, the design of which was begun by the previous government (People’s National Party, PNP). It was endorsed by the then opposition Jamaica Labor Party (now in government), therefore its development was continued after the party’s success in the 2007 elections. At the national level, this is an encouraging step toward national development planning and cutting across the traditional partisan divide which dominates the political culture. The test of its success will be whether this approach can be maintained through the implementation, monitoring and evaluation phases. The NDP is being implemented through the Medium-Term Socioeconomic Policy Framework (MTF) for 2009–2012, which is the first of a series of three-yearly MTFs, that along with individual sector plans, are the means by which it is to be operationalized. The MTF sets out the core package of policies, strategies and programs proposed by the government for implementation. The economic policy goal is stated as “facilitating a stable and competitive, macroeconomic environment.” While external economic shocks affected Jamaica’s economic performance during this period, there are clear areas in which failure or extended delays in implementing policies for domestic debt management, improved fiscal prudence and stronger regulatory frameworks in the financial sector contributed to negative GDP growth and instability, among other things. Also, a
lack of coherence between stated policy objectives of different government ministries affected implementation and the eventual outcomes of some of the respective programs. For example, the political determination to “honor” a campaign promise to provide free health care resulted in the immediate removal of user fees at all public health facilities without preparation for the huge increases in usage of these facilities by the most vulnerable groups. Removal of user fees led to reduced revenues, and the commitment and need to reduce the fiscal deficit meant drastically reduced expenditures for public health facilities. Access to quality health care, a government policy objective, was thus undermined and the increased revenue targets set by the macroeconomic policy framework were not met. A similar but not identical situation could be described as well in the education sector.

There is inconsistent understanding within the political directorate of the difference between “promises made in an election manifesto” and policies and programs necessary to achieve a particular national development objective. While flexibility may exist, it is not sufficiently related to a policy learning based on effective monitoring and evaluation. A tendency exists to disregard a policy innovation primarily because it is associated with the government of a different party, and not as a result of independent assessment. This also affects the knowledge foundation on which policies are based, in relation to knowledge exchange and best practices. There is frequent use of academic experts as consultants for the preparation of policy objectives, strategies and programs in some sectors, for example in energy policy, and for some aspects of Jamaica’s financial regulatory framework. There is a concern about the apparent preference for using “foreign” consultants for policy-making and design work, while ignoring local expertise.

15 | Resource Efficiency

The government makes efficient use of only some of its available human, financial and organizational resources. In assessing the government’s resource efficiency, concerns exist about a pension scheme for public sector workers to which traditionally public servants do not make a contribution, and about reports from the Auditor General’s department on excessive and unauthorized spending by politicians and their staff for official travel and the abuse of official cars. It is mandatory that these reports are presented to parliament, yet there is some delay; and little evidence exists of repayment of funds or of affected persons being held accountable. Public sector unions report an unusually high level of “replacement” of permanent secretaries (at least 15 out of 17 or 18 ministries over two years), with claims that some of these are politically motivated. The Office of the Prime Minister, and by extension, ministers and the government cabinet, retains the ultimate power to appoint and/or influence the appointment of senior public servants and members of the board of government-run statutory bodies. Due to the
lack of transparency in the overall process, it is difficult to ascertain the extent to which political interference does take place. The Office of Contractor General (OCG), taking full advantage of its powers under the law and of the existence of the Access to Information Act, continues to expose the extent to which competitive procurement procedures are breached as a result of political interference, and on occasions, connections with enterprises owned and operated by organized criminal networks. These breaches result in a significant loss of government financial resources due to the use of incompetent and unqualified contractors, and large cost overruns. Under the IMF agreement, steps are being taken to achieve a balanced state budget, and the implementation of the debt exchange program is a critical component of an overall debt management strategy. Auditing of government expenditures is undertaken by the Auditor General, but its effectiveness is constrained by the tardiness in implementing recommendations or enforcing identified penalties. The budget planning process is not transparent in that it normally involves only the most senior public sector officials from ministries and statutory bodies, and the cabinet. The budget, on both the expenditure and revenue sides, is presented to parliament for debate with the opposition and for the information of the general public. The government’s commitment to local government reform which facilitates “responsible” decentralization is questioned. After some years of reform, which included training of local government officers in computer literacy and modern administrative procedures and changes to various laws to give local authorities the power to collect local taxes to cover the cost of local and community services, the ultimate decision-making power still rests with the Minister of Local Government, now housed in the Office of the Prime Minister. The legal and financial autonomy of local authorities was undermined in 2010 when they were instructed to contribute funds, collected locally and targeted for the maintenance and repairs of physical infrastructure, to the “Jamaica Infrastructural Development Program (JIDP)”, a national road repair and construction program. Local officers and members of parliament have reported that in many cases they have not been consulted as to the use of these funds in any specific areas in their own constituencies, and are left without resources to address the identified needs of local communities.

A public-sector modernization/reform program is currently underway which seeks to rationalize much of the public sector. While similar attempts have been made by successive governments, this current round of reformation attempts is a condition of the recently concluded standby agreement that the government made with the IMF.

The government often fails to coordinate between conflicting objectives, and decisions sometimes appear to be affected by the power balances and relations which exist within the cabinet. For example, a lack of coordination between the policy objectives of foreign direct investment (FDI) for large tourism projects or road or bridge construction and the objectives of environmental protection has led
to trade-offs which are not balanced. The general lack of transparency means that the assignment of responsibilities which would avoid redundancies or friction between different government branches are not easily assessed, unless the government has to move into crisis mode to respond to the public exposure of damages done. An example of where coordination is publicly reported and is beginning to make a difference is in the coordination between the leaderships of the tourism and agricultural sectors. The Minister of Agriculture is visibly active and working with the Rural Agricultural Development Authority to support the efforts of farmers in producing vegetables and fruits for the local tourism sector which meet required standards. The Minister of Tourism, through the Jamaica Hotel and Tourist Association, promotes the value of this coordination to the hotel sector and to the local economy generally.

The government is only partly willing and able to contain corruption, while the few integrity mechanisms implemented are mostly ineffective. The Office of the Contractor General is generally viewed as the most efficient in identifying corruption and containing it. The work of this office is frequently and publicly challenged by elements in the political directorate, although the government has stated policy objectives of removing corruption from public service. The Auditor General’s office is empowered (regardless of which government is in power) to audit state spending, but responses to queries and assignment of penalties vary across government entities and register different levels of efficiencies and compliance. Regulation of party financing is currently being developed under the leadership of the independent Electoral Commission, which is scheduled to make its recommendations to parliament before the end of 2011. These recommendations are informed both by widespread public consultations and research into best practices in other jurisdictions. Discussions with both major political parties (government and opposition) reveal an unwillingness to accept some of the more stringent recommendations for transparency in the reporting of finances received and spent by political parties. Citizen and media access to information has been greatly enhanced by the existence of the Access to Public Information Act. The integrity mechanisms for the accountability of office holders (public servants and politicians) are very weak and limited in their effectiveness.

16 | Consensus-Building

There is a general consensus on long-term goals of transformation, but this is weakened by some divergence over the strategic priorities which need to be addressed on the path to consolidating democracy and a market economy. Opponents of reform include economic actors with political influence (some with connections to criminal business interests) and the social and political elite who would resist fundamental changes in the status quo or in the relations of power.
Many of these same actors now resist the opening up of the democratic process to address “participation deficits,” and facilitate a more democratic and inclusive governance structure and process which are increasingly being called for by a range of civil society interests. Different social classes are affected differently by economic reforms, and attempts to ensure that the burdens of adjustment are shared more equitably across groups affect the degree of consensus likely to take place.

Reformers can successfully exclude or co-opt all actors with anti-democratic interests. Jamaica has enjoyed transitions in government from one ruling political party to another for its entire political history. While political violence (promoted by anti-democratic political actors) has in the past accompanied some elections, the democratic process has never been interrupted and such violence has occurred infrequently in recent times. The challenge is that elements with anti-democratic tendencies are present within the political and social elite. They are able to undermine the process by colluding with powerful business interests who do not want to see any changes in the status quo or in the balance of power. Together, they are able to derail the building of a more inclusive democratic governance process but are unable to derail the parliamentary democratic process, the judiciary system and constitutional rule which are firmly rooted in society, and around which there is historically a national consensus.

The political leadership prevents cleavage-based conflicts from escalating. Serious deficits exist in the overall governance process, much of them the result of actions of main political actors over time. These deficits include instances in which the interests and concerns of large numbers of persons or of communities are not addressed, if the individuals concerned are either from the lowest socioeconomic groups and/or do not belong to either of the two main political parties. These individuals count among the “excluded” from the overall governance process. However, at critical moments, the political leadership has sought to build consensus across dividing lines to prevent society from falling apart. Cleavages along the lines of ethnicity, social class and gender do exist, but do not give rise to conflicts. Cleavages along similar lines do exist in the main political parties, but are moderated by the party leaderships, which prevents the groups from falling apart.

The political leadership permits civil society participation, and takes into account and accommodates the interests of only selected civil society actors. Consultation across sectors and on selected themes does take place, but with very few exceptions has little influence on final decisions, on the policy implementation process or on performance monitoring. However, powerful private sector interests, seen as part of civil society, are known to significantly influence decision-making. Such decisions do not necessarily serve the interests of the major social classes and often times lead to the government’s preferential treatment of these special business interests. The tribal political culture also results in some civil society interests, with party connections and connections to organized criminal networks, having undue...
influence over the political process. In the period under review, the prolonged public challenge by a diverse range of civil society interests, including main private sector groups, churches, trade unions and the media, forced the political leadership to make political decisions which resulted in the formal extradition of a known activist of the ruling party who was wanted by the United States on charges of gun and drug smuggling.

Jamaica has not experienced major historical injustices of the type covered by this question.

17 | International Cooperation

The political leadership tries to use international assistance in forming its own development agenda, but has clear deficits in devising a consistent long-term strategy which could integrate this support effectively. These deficits are related to weak internal governance processes and insufficient policy coherence, which would lead to efficient and effective use of international assistance. In addition, sometimes short-term political expediencies coupled with policy inconsistencies undermine long-term strategies of development. 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 and the United States, Canada and the European Union.

The government mostly acts as a credible and reliable partner, but some international actors express doubts regarding its reliability. This would be primarily in relation to weak accountability and internal financial management of government projects, which rely on international assistance for their implementation.

The political leadership actively and successfully builds and expands cooperative neighborly and international relationships. Traditionally, Jamaica promotes regional and international integration. However, in the period under review, the government through the prime minister has sent mixed signals about the depth of commitment of this government to the Caricom regional integration process.
Strategic Outlook

Jamaica is a Small Island Developing State (SIDS) which is committed to democracy and to the development of a market economy. Its ability to accomplish these goals is challenged by its limited resource base, divisive political culture and its vulnerability to natural disasters that affect its small, open economy. Its development is taking place in an increasingly globalized environment in which information and communication technologies are advancing rapidly, and tariffs and non-tariff barriers of most kinds are gradually being removed from the global trading system. It has to date maintained a stable political and generally democratic environment, and made some progress toward the development of a market economy. The main challenge is how to achieve sustained economic growth with social equity, and importantly, with reduced unemployment, violent crime and corruption. In the short-term, more structural adjustment, stricter fiscal discipline and debt management will be required by the current IMF agreement. The government will have to lead a process of social and political consensus-building around the need for the above reforms to take place to achieve even limited success. This process must allow for the meaningful participation of the wider society in a dialogue which will guide the country toward priorities to be identified and addressed on the path to growth that includes social equity. More support needs to be given to micro-, small-, and medium-sized enterprises, in both urban and rural areas, to develop sustainable businesses that will contribute to employment creation and overall growth. The educational system has to prepare young Jamaicans to take advantage of the opportunities presented by the new growth centers in the national and global economy. The influence of organized crime over political and business decisions and over the occurrence of violent crimes has to be reduced. However, the government’s own credibility is seriously challenged by its association with various controversies, including the handling of an extradition treaty, charges of corruption and a serious lack of transparency in handling the affairs of government. Therefore, its ability to successfully lead the above consensus-building is in question. The opposition party will face similar challenges in an equally demanding global environment. However, it has not demonstrated that it has a united leadership, with the skills, capacity and commitment to overcome these challenges. Over the next months, both political parties will increasingly focus on attracting the approximately 30% “undecided” members of the voting population in preparation for the upcoming national elections. In this scenario, the ruling party may be tempted to resort to “populist decisions and activities” which could undermine attempts at fiscal discipline and debt management, both critical to putting the country on the path of economic growth and social equity.