

The Policymaking Process in Jamaica: Fiscal adjustment and Crime fighting policies

First Draft¹

For internal discussion only.

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I. Introduction

Commenting on the retirement of the two most prominent Jamaican political leaders from public life in 2005, the London-based *The Economist* doubts whether the new generations of leaders can be “any more successful than its elders at tackling a stagnant economy and rampant crime”.² This report addresses the political dynamics behind the Jamaican policymaking process that explain unsuccessful fiscal discipline and crime fighting policies.

Jamaica is an interesting case of a strong and well-developed state whose government policies have been unable to promote the public good and/or impose losses on powerful groups, precisely because those groups sustain the political coalition that support the government. According to a Political Transactions framework (SpiTo 2003), the Jamaican government should be able to act decisively on the adoption of public policies, due to the low number of veto players involved in the decision making process, and those policies should be implemented over time thanks to the fact that a highly professionalized bureaucracy and an independent judiciary should facilitate inter temporal agreements.

Yet, over time the government of Jamaica has been persistently unsuccessful at controlling the two largest problems: a ballooning fiscal deficit and a rampant crime rate. This paper analyzes the workings of the Jamaican policymaking process, the rules of the game, the players and their strategies, in the adoption of fiscal discipline and crime prevention policies. In the fiscal arena, the paper claims that Jamaica’s state capacity and government resoluteness have been effective at imposing higher tax burdens and increasing revenue collection (compared to other LAC countries). However, and despite strong budget institutions to prevent excessive spending, governments have been unable to impose losses on powerful groups: it has not abolished tax exemptions or reduced tax evasion from corporate business sectors, it has had limited success at reducing public sector salaries due to the lobby of labor unions, and it has not alienated the financial sector by reducing domestic debt servicing. Yet, due to significant domestic and external pressure to adjust, the Jamaican government has adopted a path of “delayed resoluteness” for dealing with its fiscal issue, that is, the slow and gradual adoption of fiscal adjustment policies.

Regarding the crime issue, the government of Jamaica has failed to adopt decisive and opportune policies to prevent and revert its reputation of having one of the highest rates of violent crime in the world. Despite enjoying strong judiciary institutions and boosting the role of police forces, the crime issue has deeper roots in the growing drug problem in Jamaica. The problematic in this arena points to the existence of drug dealers or “drug dons” who have established informal networks or protection rackets at the local level. Dons have outperformed politicians at servicing and developing loyal electoral followings, whose votes are later traded in exchange for political protection in the form of government contracts, police impunity and perhaps biased court rulings or delayed cases. Drug dons also have the potential for violent action as they are the main gun

² “Moving on: Political succession in Jamaica”. London: The Economist, February 3rd, 2005. http://www.economist.com/displaystory.cfm?story_id=3635240

suppliers to local gangs, thus completing the protection racket circle as non compliance may be encountered with violence. According to local informants, drug dons have influenced high government officials, to the point that they have the potential to turn MP's into hostages of their illegal action. In this regard, the electoral interests of politicians may seriously compromise the adoption of crime fighting policies.

Evelyne Huber footnote {[to be developed]}.³

How would gradual economic recovery policies affect the political scene? {[to be developed]}.⁴

³ -Effect of economic crisis on politics:

“The economic crisis erodes the legitimacy of incumbent governments that are forced to impose austerity measures on their populations and are deprived of any options to demonstrate leadership and innovation in promoting development programs aimed at mass welfare. Democratic politics in the Caribbean from the beginning has been tied to expectations for the delivery of social services, particularly in the areas of education and health. Moreover, political parties have traditionally maintained the loyalty of their supporters in large part through patronage, which has resulted in tangible, albeit limited and sporadic, benefits for the poorer sectors. This statist bargain, to use Domínguez’s formulation, also extended to the economically dominant classes, as they received benefits in the form of state protection and contracts. However, resource constraints and external pressures for economic liberalization have made it impossible to sustain this statist bargain. Thus, the inability of incumbents to deliver both universalistic benefits such as health care and particularistic benefits such as public employment and state contracts has weakened the allegiance of voters and economic elites to parties (ft. [dilemma: what do current politicians do/prefer to do about it?]) In the longer run the constraints resulting from the economic crisis tend to erode the legitimacy of politics and politicians and of representative politics per se, because electoral choices make little or no difference, as all governments are under the same constraints. Ultimately, it can erode the legitimacy of the state itself as the state becomes increasingly unable to perform even the most basic social welfare functions.” (Huber in Domínguez et al. 1993: 81). No economic international expectations about future political changes, its too early to call but investors are not likely to receive surprises (echoed by the Economist).

⁴ “The problem of drug production and transshipment and of drug money laundering poses another potentially major challenge to the future of democracy in the Caribbean. It endangers the capacity of the democratic states to uphold the rule of law because of its corrupting influence on the state apparatus and because of the widespread resort to violence by those involved in the drug business. Colombia and Bolivia serve as extreme and threatening examples of disintegration of legitimate political authority under the onslaught of drug interests. Such disintegration is likely to have the consequences outlined above for the loss of legitimacy and capacity of the democratic regimes, namely, a drift into lawlessness and a tendency to increasingly authoritarian responses. Since the security forces play the pivotal role in combating the drug trade, the opportunities for corruption among high-ranking members of the security forces are both frequent and extremely lucrative, and consequently the integrity of the security forces and their compliance with directives from democratic governments become particularly problematic.” (Huber in Domínguez et al. 1993: 83-84). “Jamaica, Belize, and some of the islands of the Eastern Caribbean have a drug problem of their own, namely, the production and export of marijuana. The positive effect of this trade on the economy contrasts sharply with its negative effect on the political system. Though only a fraction of the value of marijuana exports finds its way into the local economy, it still has a significant effect on rural living standards, and it increases the availability of consumer goods. The major negative impact of drug cultivation and export on democracy so far has been the corrupting influence on custom officials and members of the security forces. In addition, the eradication campaigns waged by the governments under US pressures can safely be assumed to have alienated the rural producers from politics and politicians, as they have by no means been offered adequate alternatives as compensation for the loss of their most lucrative crops.” (Huber in Domínguez et al. 1993: 84).

II. Background: Political development, Economic adjustment, and Society in Jamaica

1. Political History

Carl Stone, a prominent political scientist in Jamaica describes the political context leading to the country's independence as: "A successful coalition (...) built around the brown middle class who wanted reforms and more power and the blacks who were largely left out of the old power structure controlled by the planters. It is this coalition between the middle and lower social classes in the society that has formed the social basis for the country's modern period of politics that emerged in the post-war period. The thrust of this push towards democracy was to transfer control over the governing institutions from the planter class to the middle class who gained political legitimacy by serving the needs of the majority classes." (Stone 1986: xi)

PNP was defeated in the first universal suffrage elections held in Jamaica in 1944. It came to office in 1955, and held office until just before independence in 1962. It was defeated by its principal rival the Jamaica Labour Party. {[What kind of elections were held before the 1962 independence? What do we know about them?]}. {[Track the appearance of political parties from labor unions and their instrumental role in the drive towards achieving formal independence from Britain in 1962. Briefly describe the main actors and players immediately after independence and the first Bustamante government (1962-1972)]}.⁵

After a decade of JLP government, the PNP took power under the leadership of Michael Manley in 1972. Different from Alexander Bustamante, a patriarch who took pride in being a street-wise politician, his cousin Manley was a well-groomed intellectual and Rhodes scholar {[verify background and short bio of each]}.⁶ The Manley government was characterized by an expansion of the Jamaican state, with nationalist and pseudo-socialist underpinnings, spiced up by Manley's personal friendship to Fidel Castro. The economic crises during the seventies' due to {[complete]}, plus Manley's troubled relationship with the opposition leader, JLP's Edward Seaga contributed to a decade of increased political polarization and social conflict (Stone 1986: 25).⁷ The second Manley government is further characterized by a deterioration of the economy that eventually led to the breakup of talks between Jamaica and the IMF at the end of the seventies {[give more details]}. In 1980, Edward Seaga brings the JLP back into power, with a more conservative and free market ideology than his antecessor. During the first few months in government, the Seaga government benefits from a generous participation and credit from international lending organizations including the IMF and World Bank {[is there a drive to re-privatize the banks at this point?]}. Seaga's second term encounters a severe economic crisis, that forces him out of office in the 1989 elections, in the midst of political instability and widespread social discontent.

PNP's Manley recovers control of the government and leads the party towards the ideological center, inspired by a social democratic experiment. According to David Coore, this election year

⁵ The 80's report of the US department of state features the main historical developments from this era.

⁶ David Coore. Personal Interview. Kingston 14 January 2005.

⁷ According to David Coore, the new leadership of Edward Seaga marked a drastic change in the political relationship between PM Manely and the former JLP leader Hugh Shearer. Personal Interview. Kinston 14 January 2005.

and the following succession by PNP's PJ Patterson in 1993, represent a significant watershed in Jamaican history, and the beginning of a 16-year period of PNP domination.⁸ The party's convergence successfully seeks to engage business groups in the governing coalition, illustrated by the government's elimination of exchange rate controls and the adoption of a floating currency {[verify]}. While the Patterson is perceived as responsible for some economic recovery, and inflation control, it is also been associated with allowing important corruption scandals like the Air Jamaica case, and the 1997 banking bailout. On a broader note, the government has done little to control the mounting debt problem and stop the ballooning fiscal deficit (though Jamaica features a high primary deficit).

2. Society and Political Culture

Two decades ago, political sociologist Carl Stone claimed that clientelism was an inherent feature of Jamaican political culture. He argued: "Clientelism in the Jamaican context promotes competitive politics, but under the governance of the rules of the game that limit the level of competitiveness and constrains genuine democratic forms associated with parliamentary democracy... Clientelistic competitive politics survives in Jamaica partly because the mass publics continue to believe that the political bosses have a capability to manage the state system effectively..." (Stone 1980: 109). Unlike in Latin American democracies, clientelism in Jamaica emerges in a context of relatively strong formal institutions (independent bureaucracy, strong civil service, two party politics). However, incentives for the distribution of selective and personalistic incentives come from specific party patterns of political exclusion of Jamaican democracy, a *de facto* winner take all logic where the party in power has access to all the perks in office leaving the opposition very few instruments to obtain resources or challenge policy decisions. Clientelism is under-girded by political values that deeply respect the exercise of political power, and at times place access to political patronage above the importance of citizens' rights." (Griffith 2001: 15)

Political parties in Jamaica are crucial instruments for channeling and distribution of clientelistic incentives. Given the scarce economic resources or tall debt commitments of the Jamaican economy, political parties have used their power and influence to reward and take care of the economic and social needs of the party faithful (Stone 1986). According to Stone, "these benefits include employment on government projects, contracts to carry out government projects in the building of economic infrastructure such as roads, bridges, markets and water supplies, and access to facilities such as housing in housing schemes, and highly sought after opportunities for overseas employment in contract labor schemes in the United States." (Stone 1986: 54).

Sometimes, allocating benefits to the party faithful in detriment of other groups may lead to violent clashes and civil unrest. As noted by Stone, the granting of a contract for land preparation by the National Sugar Industry Authority became a controversial issue as it was given to a contractor from a different parish on the grounds that the work required someone with specialized knowledge and no such contractor was available locally. It was believed that the contracting was intended to reward some political cronies close to the government as the Chair of the Sugar Authority was also the Prime Minister's brother-in-law. The local Member of Parliament (MP) - under pressure from angry constituents - led a demonstration against the

⁸ Personal Interview. Kinston 14 January 2005.

awarded contractor, refusing entry to the property and threatening with violence. Violent protestors forced the Sugar Authority chair to negotiate with their local MP until a contract was awarded to someone within the constituency, who, of course, would hire local labor (Stone 1986). In a similar vein, political pressures are built for sharing the benefits of major employment projects (especially in urban metropolitan areas) with party faithful in adjacent constituencies (Stone 1986).⁹

3. The Economy

When the conservative Prime Minister Edward Seaga was elected by a landslide in 1980, only five days before President Reagan's election, critics predicted that Jamaica would become the "miracle of the marketplace" and the "Singapore of the Caribbean" (Bovard 1987). Upon Seaga's inauguration, International Financial Institutions such as the World Bank, and the International Monetary Fund (IMF) lend as much as \$2 billion in foreign aid to insure Seaga's success at rolling back government controls and promoting new freedom for entrepreneurs. More than twenty years later, Jamaica is not an example of economic success. The country's foreign debt/GDP ratio is the highest in the Latin American and Caribbean region (over 175% GDP), unemployment is still over 13.1% per cent of the labor force, and although inflation rates have dropped to single digits, the economy remains stagnant with a 2.1% GDP growth as of 2003.¹⁰

Distant from its free market rhetoric of the eighties, the Seaga government increased controls over the economy: "(it) bought an oil refinery, hotels, and an aluminum smelting plant; it has created numerous new state farms, increased interference in various sectors of the economy, raised taxes to their highest levels ever—and it has done little to rescind paralyzing bureaucratic control over foreign investment" (Bovard 1987). The influx of foreign aid "provided a fiction, a false hope that Jamaica could spend money and enjoy the original promises of Seaga. As a result, the process of adjustment was not undertaken".¹¹

Increasing the size and the role of the state was required to sustain Seaga's support coalition: "The government established the Jamaican Commodity Trading Corporation with sole import rights over cars, drugs, food, and other items. The Agricultural Credit Bank was created to provide aid to farmers who were approved by government planners, and a National Credit Bank was established to allow government to distribute investment capital to approved business ventures" (Bovard 1987). The Jamaican government also maintained an overvalued exchange rate, thus reducing the international competitiveness of Jamaican exports.

⁹ Where this is not done considerable and violent conflicts can arise as was the case in the building of the International Seabed Authority building in downtown Kingston. The building site was located in the constituency of an opposition member of parliament. Most of the construction jobs were allocated to party faithful from the constituency represented by the prime minister which is the constituency that is immediately adjacent to the one in which the building site was located. Party faithful in a nearby government-controlled constituency made efforts through their MP to obtain a proportion of the jobs but they were not successful. Hostilities between these two constituencies led eventually to a feud and political violence in which several persons were killed." (Stone 1986:55).

¹⁰ "ESSJ 2003 Overview", The Planning Institute of Jamaica (PIOJ).
<http://www.pioj.gov.jm/piojdocs/annual/New%20ESSJ%20Overview.doc>

¹¹ Mark Ricketts, managing director of Security Brokers in Kingston, quoted in "Jamaica: Limits of a Showcase Policy," *SALS Review*, Summer/Fall 1985 (see Bovard 1987).

Government policies also affected the farm industry. For example, government-owned but highly inefficient sugar plantations, explained a dramatic drop in sugar production, from 500,000 tons a year in the late 1960s to approximately 200,000 tons a year in the 1980s (*Quarterly Economic Review*, No. 1, 1982, p. 15). Another government-run bureaucracy, the Banana Marketing Organization, is similarly blamed for a 20-year low fall in banana production in 1984. government attempts to “control, finance, and direct new agricultural developments” such as the AGRO 21 initiative, were reported to have fallen short of expectations.¹²

Other examples of government intervention during the eighties, such as the purchase of several hotels or an oil refinery, add evidence to the tale of a bloated government that is unable to impose the costs of adjustment on powerful economic interests but uses government resources to expand its political clout.¹³ The Jamaican economy also has been hurt by the decline of the bauxite and aluminum industries: “In 1974, the government imposed a 600 per cent levy on pre-profit bauxite exports. In the early 1980s, due to the combined impact of continued heavy taxation and a depressed world bauxite market, three foreign bauxite producers in Jamaica either closed down or greatly reduced their operations” (Bovard 1987). Currently, the bauxite industry is “a tightly knit oligopoly characterized by collusion rather than competition”. The major bauxite producers in the CARICOM are Jamaica, Guyana, and Suriname. Six companies from the industrialized countries, mainly from North America and Europe, control nearly two-thirds of the production, and virtually all of Jamaica’s bauxite and alumina production (Bissessar 2002: 88).

With the advent of the 1990’s Washington Consensus, the last decade has represented an intense and long process of structural adjustment in Jamaica. The island’s adjustment experience

¹² The People’s National Party accused Seaga’s Jamaica Labor Party of “blatant political misuse” of foreign food donations. According to the People’s National Party, the Labor Party used the food to buy political support. Labor Party members of Parliament were given caches of food to distribute—and thus make voters ever grateful (*Daily Gleaner*, March 13, 1987). When the Seaga government took office, government-controlled food prices were kept artificially low in order to curry favor with urban voters. Although this practice was discontinued, the artificially low exchange rate effectively continued the cheap food policy. Until 1984, Jamaica did little to boost prices paid by government to domestic producers. But, with foreign aid, Seaga set up a food stamp program that now is feeding almost half the island’s population. Carl Stone, a professor at the University of Jamaica, observed, “The existing food stamp program is a mockery to any real commitment to local agriculture. Our poor people are being subsidized to buy imported food when our farmers can’t sell their produce because of low levels of consumer buying power.” (quoted in “Jamaica: Limits of a Showcase Policy,” *SAIS Review*, Summer/Fall 1985). Free or cheap food has poured in from abroad in recent years, and this has had the usual disincentive effect on local agricultural production. As Scott D. Tollefson reported in the Summer/Fall 1985 *SAIS Review*: An example of the disincentive created by P.L. 480 [a U.S. law under which agricultural surpluses are shipped to developing nations] to Jamaican food production occurred in late July 1984 when Jamaica experienced a shortage of rice, the major staple, which led to a near-crisis situation politically. The market mechanism worked with clock-like precision as small farmers, attracted by increased prices for rice substitutes, rushed their goods to the market. Days later, 4,780 metric tons of rice were imported under P.L. 480, the first parcel of an allotted 16,000 tons costing U.S. \$5 million. The imported rice sent the prices of substitutes tumbling, thereby hurting the local producers.

¹³ As reported by Bovard (1987), a scandal erupted in 1982 when the government bought the Terra Nova Hotel, a leading Kingston hotel and restaurant, for an amount far exceeding the highest private valuation of the property. Similarly, in 1983, the government took over Exxon’s costly oil refinery operation, while gas and petrol prices skyrocketed. James Bovard, “Jamaica: No Free Market, No Miracle”, *The Freeman*, 1987.
<http://www.fee.org/vnews.php?nid=1843>

formally began in the early 1980s, but “it was only able to formally terminate IFI-supervised adjustment in the second half of the 1990s” (Bissessar 2002: 7).¹⁴ Administrative reform for example, has been an integral component of their structural adjustment program. Consistent with the initial stabilization goals, reforms focused on reducing the wage bill and downsizing the surplus personnel. In Jamaica, such reforms became a major conditionality of the Fund stand-by agreement that it entered into in the early 1980s. Under this program, the government committed to a reduction in central government employment of between 10-15% in 1984-85. An additional conditionality involved wage awards, which were expected to be kept below prevailing inflation rates in order to meet fiscal targets. In neither case was administrative reform successful. Notwithstanding formal commitments, Jamaica reported an absolute wage increase during the first phase of public service reform.¹⁵

The complete reform process however remains incomplete in Jamaica. Governments’ spending capacity has been reduced and constrained by debt servicing, which has left in turn a large ‘social’ expenditure gap and increased poverty. The resulting impoverishment of large segments of the population in Jamaica, has increased individuals’ economic vulnerability, making them more likely to succumb to the temptation of involvement in drug activities (Bernal et. al. 2001: 73).

4. The Informal Economy

The drug problem

The drug economy in Jamaica, perceived to be as large as 50% of the country’s GDP, has flourished in part at the expense of a declining economic performance of the formal sector. The illegal marijuana trade for instance, “emerged as the way business interests attempted to fill the growing gaps between their demand for foreign exchange and the declining supply through legitimate channels. In other words, the marijuana trade helped to sustain the flow of imports into this highly import dependent economy by providing a supplementary source of foreign exchange to importers, by way of a rapidly growing black market in US dollars which was supplied mainly from the drug trade.” (Stone 1988: 44, in Griffith 2001: 23-24). In a broader perspective, the drug phenomenon “gives rise to actual and potential threats to the security of states (...) drug operations and the activities they spawn precipitate both conflict and cooperation among various state and non-state actors.” (Griffith 2001: 19).

Jamaica’s proximity to air and maritime routes from South and Central America, the Yucatan Channel, and the Windward Passage makes the island a key transshipment point for cocaine destined for The Bahamas, the continental United States, Canada, and Europe. The three main drugs in the region are cocaine, heroin and marijuana. “Cultivation [of marijuana] varies from place to place. Belize, Guyana, Jamaica, St. Vincent and the Grenadines and Trinidad and Tobago are among the countries with the highest levels of production. Belize and Jamaica have had the highest levels of production and export of marijuana. In both countries, marijuana has at

¹⁴ According to Carl Stone, “in a real sense, the World Bank, the IMF, and Washington have been more important in shaping the direction of economic and social policies in the country since 1980 than any domestic interest, pressure group, or source of policy influence” (Stone 1986: 179).

¹⁵ See World Bank, “The Reform of Public Sector Management” In Bissessar 2002: 18.

times been the largest crop, once producing some \$US 350 million annually in Belize and about US\$ 2 billion in Jamaica.” (MacDonald 1988: 89 in Griffith 1997: 74). By the early 1980s, Jamaica was among the top three largest suppliers to the United States, together with Mexico and Colombia.” (Griffith 1997: 75).¹⁶ Jamaica is also a smuggling point for cocaine trafficking from Colombia to the United States via go-fast boats, commercial airlines, and commercial maritime vessels. According to the CBP, most arrests for cocaine possession at U.S. airports involved flights that originated in Jamaica. Hashish oil, a by-product of cannabis, also is produced in Jamaica’s north coast. Most of Jamaica’s exported hashish oil is destined for Canada. Jamaica has no laws against the possession or distribution of MDMA (Ecstasy). The Government of Jamaica, however, has begun efforts to modify its Dangerous Drug Act to incorporate MDMA into existing regulations.

Government policies to punish drug use or eradicate drug traffic have been insufficient. Formally, Jamaica has signed major international anti-drug agreements including the 1961 U.N. Single Convention and its 1972 Protocol; the 1971 U.N. Convention on Psychotropic Substances; and the 1988 U.N. Drug Convention. The Government of Jamaica has signed but not ratified the Inter-American Convention against Corruption. In 1983, the U.S. Government and the Government of Jamaica signed an extradition treaty. The Governments of the United States and Jamaica have had an MLAT since July 1995, and a maritime law enforcement cooperation agreement since April 1998. Jamaica is a member of the FATF”.¹⁷

Aerial spraying of marijuana (ganja) in Jamaica is controversial since the crop is a large source of income. One estimate for the 1980s placed the number of farmers cultivating ganja at 6,000. During that same decade, ganja was once said to have contributed between US\$1 and \$2 billion to Jamaica’s foreign exchange earnings, surpassing all other exports, including bauxite, sugar and tourism (MacDonald 1988: 90).¹⁸ Despite tremendous pressures from the United States government’s “war on drugs”, the Jamaican government has resisted aerial sprayings (except of young plants and nurseries) claiming a high risk of contaminating legitimate produce and groundwater supply (Griffith 1997: 76).¹⁹ Cannabis eradication is more likely to be accomplished by manual cutting rather than by the use of herbicides.

The Narcotics Division of the Jamaica Constabulary Force (JCF) -the country’s national police force- is responsible for drug enforcement operations in Jamaica. The Jamaica Defense Force (JDF) supports police efforts to monitor ports and airstrips. In 1999, the Government of Jamaica

¹⁶ Jamaica’s many ports, harbors, and beaches make it a great geographic location to transport drugs. In 2000, US Customs reported that “more than 63 percent of all arrests at US airports for cocaine possession involved flights originating in Jamaica.” (Griffith 2001: 22 +{US Customs source).

¹⁷ Drug Intelligence Brief. The Drug Trade in the Caribbean: A Threat Assessment. US Department of Justice, Drug Enforcement Administration, September 2003: DEA- 03014. Online. <http://www.usdoj.gov/dea/pubs/intel/03014/03014.html#jamaica> See news release 2004.

¹⁸ The United States complained in 1994 that “for environmental reasons and because of political opposition, the GOJ [Government of Jamaica] has failed to accept the alternative suggested by the USG [United States Government] of eradication by aerial spraying.” (International Narcotics Report April 1994; 197).

¹⁹ Interview by Ivelaw Griffith with Assistant Police Commissioner Maurice Darius and Superintendent Ray Raymond, head of the Special Service Unit, Fort St. George Police Headquarters, Grenada, July 11, 2004 and International Narcotics report, various years.

has created a task force to locate and apprehend known fugitives and drug offenders. Although fines and prison sentences remain lenient.²⁰

Although Jamaica is not a major source country for any of the chemicals used in illicit drug production, chemical diversion still occurs. In April 2000, the Jamaican Parliament enacted the Precursor Chemicals Act that bans the unlawful production, manufacture, importation, distribution, and diversion of chemical substances used in manufacturing illegal drugs. The Ministry of Health, Pharmaceutical Division, was designated the competent authority for enforcing the legislation and was given authority to search business establishments without obtaining a warrant. DEA has provided training to Jamaican chemical control personnel.

Some anti-money laundering legislation has been also enacted, even though Jamaica is not an important regional financial center, tax haven, or offshore banking center. Drug money is most often laundered through the acquisition of real assets, such as cars and real estate, fuelled by the fact that the U.S. dollar is a legal tender in Jamaica. In 1998, the Government of Jamaica raised the required reporting of cash transactions from US\$10,000 to US\$50,000 {[check this, it sounds counterintuitive]}. In addition, the law now requires financial institutions to report all “suspicious” transactions, not merely ones above US\$50,000. In 2000, Jamaica passed legislation increasing the predicate offenses under the money laundering law to include arms trafficking, fraud, and corruption. In 2000, Jamaica established an FIU to receive and analyze suspicious activity reports. The majority of asset forfeiture cases in Jamaica fall under amendments to the Dangerous Drugs Act of 1984 which provides for the forfeiture of vehicles used to convey drugs. The Drug Offenses and Forfeiture of Proceeds Act of 1994 allows for post-conviction forfeiture and pre-conviction restraint on all types of property. However, the 1994 Act is difficult for prosecutors to apply, as it requires a separate hearing and published public notice of the Jamaican Government’s intent to forfeit the property.²¹

Finally, the Jamaican National Council on Drug Abuse consists of 58 agencies that discuss national initiatives and focus on national supply and demand for drugs in Jamaica. The Drug Abuse Secretariat, a secondary agency within the National Council on Drug Abuse, focuses on demand reduction. The Drug Abuse Secretariat also is responsible for collecting and maintaining trends relating to drugs including pharmaceutical products and illicit drugs. An annual report is generated outlining the trends based on data received from various health and social organizations.

²⁰ According to the Jamaican press, fines for possessing marijuana –an illegal offense in Jamaica- are about US\$2.50 and fines for smoking marijuana are about US\$5. Individuals caught with more than 8 ounces of marijuana can be charged with drug trafficking and imprisoned for up to 18 months. Individuals possessing large quantities of marijuana for distribution can receive prison sentences of 3 years or more.

²¹ Footnote 28: “In Belmont, Westmoreland, it is suspected that the drug trade (transshipment of drugs from South America) has fueled unprecedented economic activity, including construction of new homes and purchase of new motor vehicles. At the same time, an otherwise quiet fishing village has had a rapid increase in murders.” (WB 2004: 138). The World Bank. January 4, 2004. “Jamaica: The Road to Sustained Growth.” Washington: Online. [http://wbln0018.worldbank.org/LAC/LAC.nsf/ECADocByUnid/12C128BA971C348A85256E0400684CB9/\\$FILE/Ch6%204Dec03_Gray%20Cover.pdf](http://wbln0018.worldbank.org/LAC/LAC.nsf/ECADocByUnid/12C128BA971C348A85256E0400684CB9/$FILE/Ch6%204Dec03_Gray%20Cover.pdf)

Remittances

This is another important pillar of the Jamaican economy. It is estimated that "the total volume of migrant remittances sent back to the Caribbean (...) exceeds foreign aid from more developed nations like Canada".²² For example, between 1990 and 2002, remittances increased four-fold in both Jamaica and Haiti from \$229 million to \$940 million, and \$152 million to \$600 million respectively. During the second half of the 1990's remittances to Jamaica totaled USD3.2Billion, approximately 9 - 10% of GDP {[confirm]} (Solas 2001). For comparative purposes, Jamaica's main hard currency income earner is tourism and this grossed approximately USD5.73Billion in earnings during the latter half of the 1990's representing 17.8% of GDP during that period" (Solas 2001).

In Jamaica, remittances represent a substantial proportion of foreign exchange earnings, contributing to an improvement of the standard of living of individuals and the strengthening of the local economy. A University of Montreal study noted that remittances sent directly to family members and their households in Jamaica and Haiti are often used for expenditures on housing, clothing, and other basic household items. While remittances contribute to a positive development in the quality of the recipients day-to-day lives, the study warns that this may hinder self-sustaining local development in the long run (Gerald 2004).

Other actors (not yet taken into account):

- Church
- International agencies
- Regional integration bodies {what would be their connection to fiscal policies and domestic political dynamics? Does CARICOM establish thresholds for fiscal performance/punishments for deficits like EU?}
- "the social arena" and the role of social capital formation (Edwin Jones). We do look at them inasmuch as they have a systematic influence on the JPMP, whether as organized labor unions to alter budget policies, or as organized citizens with a clear agenda, as in "Jamaicans for justice" in the case of Crime and drug policies.
- Not that the Jamaican elite remains the same and small. Despite decades of political antagonism, these people is the same elite, they go to the same schools, same social events. [Aaron Neville mentioned this at the PIOJ meeting].

²² Paul, Gerald V. "Study looks at Canadian remittances to Jamaica, Haiti." December 3, 2004. The Caribbean Camera. Online. <http://www.thecaribbeancamera.com/index.php?option=content&task=view&id=42&Itemid=31>

III. Outer Features²³

Jamaica is a case that illustrates a two-tiered policymaking process that has a separate impact on the features of its public policies. Over the past decade or so, Jamaica's fiscal outlook has been burdened by the stagnant economy, considerable debt commitments, a large government sector, and external shocks like the 1997 banking bailout and the 2004 Hurricane Ivan both of which put additional pressures on the budget deficit. Government response to these shocks has been slow and gradual. Although the Jamaican government has the institutional capacity to discuss, design, approve and implement ambitious adjustment policies, its willingness to do so has been curtailed by the active presence of organized business interests, and labor unions in the domestic arena. Yet, in the context of an opening economy, timid attempts at government reform have the potential to be implemented by its highly professionalized bureaucracy and sustained in the long run.

The scenario of slow but resolute adjustment in the fiscal realm sharply contrasts with a more volatile and fragmented arena in which security policies aimed at controlling the rising toll of the drug economy are discussed. Jamaica's drug economy, invigorated by the active drug trade between South American suppliers and European and North American consumers, is believed to represent as much as 50% of its GDP. Government policies and resources committed to address this pervasive problem are lost, interrupted or reversed at the local level, where political and judicial authorities are believed to be under the influence of powerful "drug dons", who are willing to offer political support in exchange for judicial impunity. Ironically, government efforts of fiscal discipline have undermined local officials' ability to provide constituency service at the parish and municipal level, thus making their political survival even more vulnerable on the contributions of drug lords.

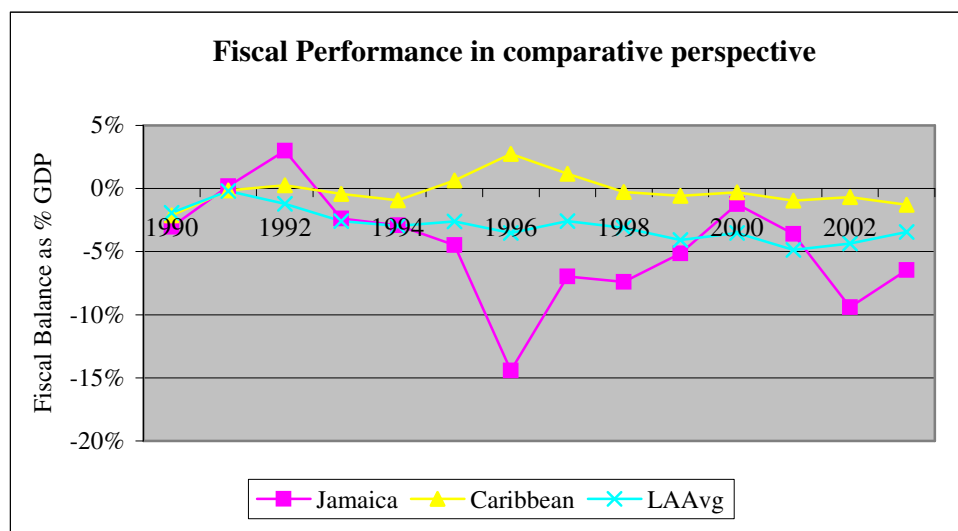
Waiting in vain: Fiscal adjustment in Jamaica

For the past decade, Jamaica has been trapped in a vicious fiscal cycle of low economic growth, a large debt overhang, and a politically costly high primary surplus (Artana and Navajas 2004). From an institutional standpoint, this outcome should not be expected, since Jamaica features the strongest budgetary institutions in the LAC region (according to Alesina et. al 1996), and decision making power is highly centralized in the office of the Primer Minister and Finance Minister. Formally speaking, the Jamaican government does not have to contend with multiple veto players either, as it emerges from a parliamentary mandate and it has majoritarian control of the House of Parliament and the Senate. Yet, the potential government capacity for improved fiscal performance has been constrained by the government's weakness to favor the needs and wishes of selective interest groups. Tariff agreements favoring exporting sectors cannot be changed in the short run, "preferential treatments" have become well accepted and entrenched amongst beneficiaries, and organized labor and the bureaucracy have successfully resisted

²³ Parliamentary Jamaica features fewest veto players, but added resoluteness turns to immobility when there is little will to change existing SQ. Compare with presidential literature where the status quo bias is believed to come from multiple veto players. Tsebelis: few VP with similar policy preferences around SQ will tend to avoid reform. Two periods of study: Polarization (Pre 89-93) and policy convergence (Post 89-93). "Measures to control crime, regardless of how modest, require additional resources from a country already suffering from a fiscal crisis." (WB 2004: 137).

government cuts. {[In the next version, plot budget institutions index vs. primary and conventional deficit: it should plot well with primary deficit (Jamaica has one of the largest primary fiscal surplus in the region), but Jamaica’s conventional deficit is an outlier}.²⁴

This section on the Jamaican fiscal policy-making, highlights the government’s vulnerability to attend costly demands and needs of powerful organized groups (**private regardedness**). Given international and domestic pressures for fiscal constraint and debt servicing, the government has been unable/unwilling to impose adjustment costs and improve its tax collection from its base of political support (**policy rigidity**). Although Jamaica has one of the highest average shares of tax revenue in the region (as % of GDP), increased revenues are offset by increased spending commitments in the financial system restructuring, debt servicing and wages and salaries {see details in the next section}. As the Jamaican economy moves towards greater liberalization and economic integration via CARICOM, and the influence of existing political lobbies is likely to erode, the government may use its infrastructure to adopt and implement reforms and enforce credible fiscal discipline commitments with labor and business lobbies over time (**delayed resoluteness**). Labor unions are decreasing in membership, as they have become more market friendly; traditionally powerful domestic lobbies are now competing for government influence in a business environment that has greater foreign participation. {[One important question is whether more external (veto) players with a stake in the Jamaican economy (banks, hotels), can be better organized than domestic interests and/or have a higher leverage to demand greater fiscal transparency and economic reforms?]}.



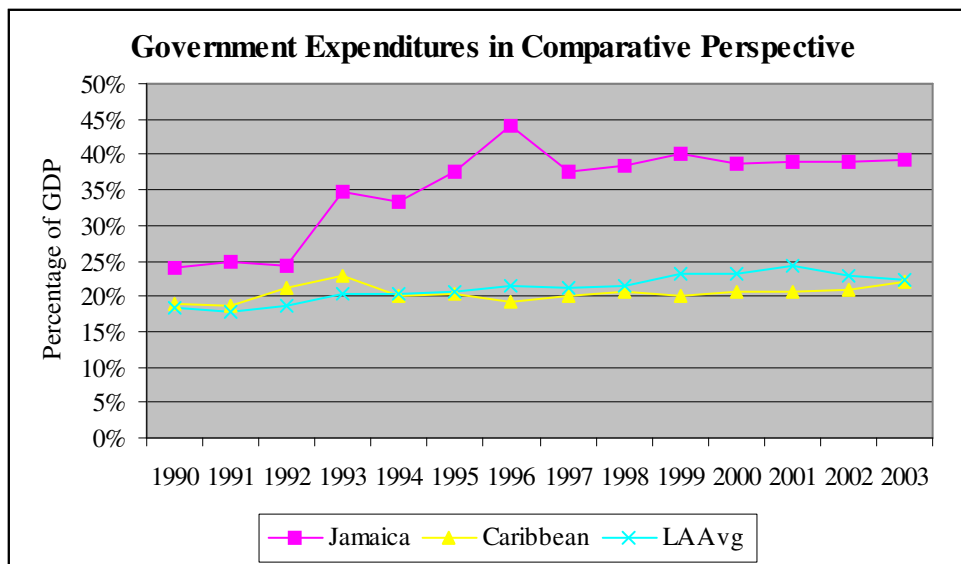
Increasing government expenditures

The two largest budget items on Jamaica’s fiscal deficit are debt commitments (mostly domestic) and public sector salaries. At the end of its FY 2002, Jamaica had the highest public debt of selected emerging countries: 133% of the country’s GDP (compared to Argentina’s 120% GDP),

²⁴ According to Wesley Hughes, director of the PIOJ [11jan05], it is important to bear in mind that Jamaica features a primary surplus of 13%GDP, the largest in Latin America {verify if this is true and compare with conventional deficit figures}. “Investors are more interested in looking at primary deficits”.

and more than five times its annual tax revenues (Artana and Navajas, 2003: 42). The debt problem has a structural component, as current tax revenues -approximately 25% GDP- are offset by debt servicing commitments. The foreign/domestic ratio of public debt has been reversed over the past decade: domestic debt has gone from 26% of total public debt in 1990 to 61% in 2002. In turn, foreign debt from bilateral and multilateral sources has decreased from 62% of the total debt in 1990 to 39% in 2002. Unlike some Latin American governments, defaulting or renegeing on debt commitments are not an option for the Jamaican government, given the openness of its economy and the liabilities associated with the lacking credibility.

As illustrated by the following chart, increased government expenditures coincide with the advent of the P.J. Patterson government in 1993, and the government bill steadily increased until reaching its maximum level in 1997 with the financial sector crises, which imposed an estimated cost of 37% of the country's GDP. Another exogenous shock has been the 2004 Hurricane Ivan that imposed an estimated damage of \$580US million dollars on the Jamaican economy (approximately causing a further 4% GDP hole in the fiscal balance) (Zapata 2004).²⁵ According to some sources, there were other cases of large government bailouts –such as the case of Air Jamaica- in which government resources were channeled to benefit individual business interests, but the scandals were never fully disclosed and the beneficiaries remained in impunity.²⁶



Government attempts at spending reduction also encountered the opposition of unionized labor, who'd traditionally demanded higher wage and salary spending.²⁷ In recent years however, with decreasing strength of labor unions (see labor unions), budget allocations are less of a

²⁵ Interview with Peter John Gordon at PIOJ. Kingston 13jan05.

²⁶ According to Patricia Francis at JAMPRO and Maxine Garvey at Mona School of Business, the Air Jamaica scandal a prominent business leader with government connections {I forget his name but he is also a prominent figure with the hotel and travel lobby as he owns some hotels in Montego Bay. I need to find out more}, benefited from a government bailout but never went to jail. His influence over the government has waned over the years as he is no longer a single or majoritarian owner in the tourism industry. Currently, he competes for influence with foreign investors of large chains, he is a smaller partner in the larger tourism lobby.

²⁷ {[we need to follow up and get snapshots of the current budget negotiation in Jamaica during february march]}.

contentious political/partisan issue than maybe 10 years ago.²⁸ Some adjustment efforts have crystallized in the form of government-sponsored agreements with labor unions for wage freezes. In February 2004, the government and trade unions established “Partners for Progress”, a three-year agreement to stop government layoffs while adopting small gradual salary increases of 3-5% yearly and no new hirings. Inevitably, the hardest hit sectors of the fiscal adjustment process have been the unorganized and demobilized. For example, government spending on human capital enhancement expenditures such as education, absorbed 4% of government spending during FY 2003/2004. This share is 16 times smaller than the percentage destined to meet debt management expenditures during the same period: 65% of the total expenditure.

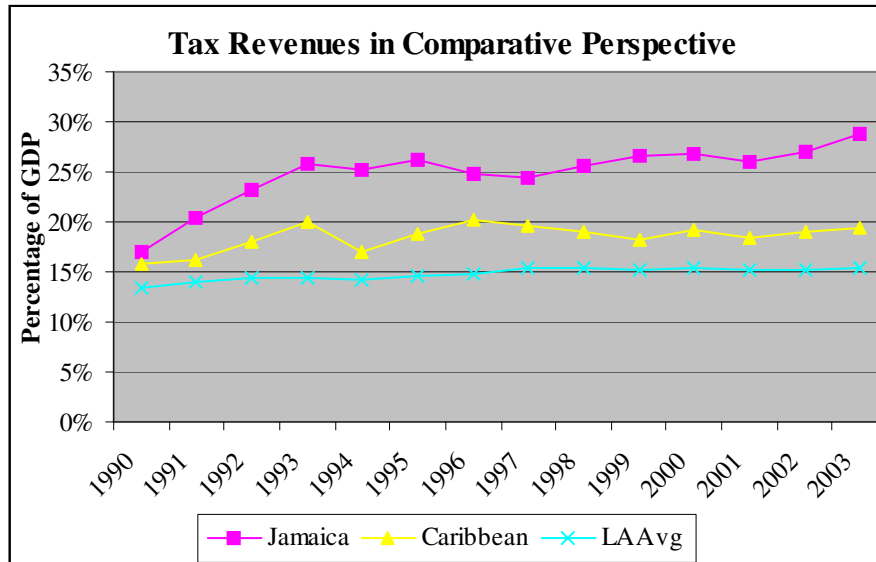
{Credibility is an important factor in the international markets, therefore debt needs to be paid}.²⁹

Ineffective tax reforms

Jamaica has one of the highest rates of tax collection (as % of GDP) in the LAC region, falling second to Guyana. While most of the tax reforms and increased tax revenues took place during the last Manley government (1989-1993), there has been very little tax reform and tax revenues have reached a plateau around the 27% rate during the last decade. As explained in the previous section, a large debt servicing and increased government expenditures during the 1997 financial crisis, have undermined the tax revenues collected by the Jamaican state, thus provoking large fiscal deficits.

²⁸ Interview with Patricia Francis at JAMPRO {include their reaction paper to proposed fiscal reforms}.

²⁹ {[Most of it is local debt, moneys used to pay pension funds, etc. The call on the debt restructure is not entirely on us, because a huge chunk of our debt is now internal, mostly on the financial sector. According to PJG, the private sector has put forward some formal proposal for restructuring of debts, like consolidating debt in US {[or Jamaican? Verify]} dollars. According to PJG, there are no business pressures on exchange rates, they can express their opinions but there is no institutional pressure, and no institutional response to such lobbies {[is this accurate/credible? Maybe, Jamaica’s exchange rate volatility score is below average in a selected sample. Resample, comparing to Latin America first, and then to larger sample size]}. As means to adjust economy, Bank of Jamaica raised interest rates from 18% to mid 30%! According to PJG, this pressure/decision to increase interest rates does not seem to respond to any bank lobbying either... since these groups do not have any formal mechanism to voice their opinions on the government {[who appoints the head of the bank of Jamaica and who is this person likely to be?]}]}



Government efforts to further expand the fiscal base and eliminate tax shelters have encountered several obstacles. According to a recent study, Jamaica features a weak tax administration that collects from “easy tax handles” such as some income tax revenues, interest income taxes withheld by the banks and GCT collections from a small number of firms, while not fully tapping into much of the legal tax base (Bahl and Wallace 2004). This situation is further aggravated by a dramatic culture of tax evasion. The cited study estimates that individual tax revenues could be at least 50 percent higher if the self-employed were fully compliant. Similarly, the collection rate for the property tax is less than 50 percent (Bahl and Wallace 2004: xiv). The perception of tax evasion in Jamaica is confirmed by a 75-country survey where respondents were asked to rank the level of evasion on a 1 (rampant) to 7 (minimal) scale. Jamaica ranked 54 out of 75 with a net score of 2.6.

A second set of problems relate to the existence of numerous “special treatments” granted by the government to privileged taxpayers at the expense of others. For instance, a considerable amount of tax exoneration has been granted to firms, specific items of consumption such as school bags, and some sources of income like gratuities (Bahl and Wallace 2004: xiii). These fiscal privileges can take the form of discretionary waivers, formal tax relief, and administrative practices that tend to privilege specific individuals and their companies. Bahl and Wallace estimate for instance, that for each J\$100 of revenue collected in Jamaica, another J\$60 is formally given in tax relief.

Behind these formal and informal loopholes stand well organized interest groups who will defend their acquired rights at any cost. Business groups for instance, have systematically opposed the adoption of new taxes and have challenged the logic of the proposed tax reforms {[get input from Alleyne and include Jampro’s reaction paper to the proposed Bahl and Wallace reforms]}.³⁰

³⁰ **Tradeoffs.** Take into consideration the relationship between fiscal and monetary policies: the central bank enjoys “institutional prestige”, it is used as a tool of the government for adjustment. Monetary policies are chosen by consensus [hierarchical structure] and then fiscal policies are adjusted accordingly {[verify exchange rate volatility

Who shot the sheriff? Crime eradication policies in Jamaica

Over the past two decades, Jamaica has gained a reputation for having one of the highest rates of violent crime in the world. At the end of the nineties, the number of murders in this nation of 2.5 million stood at 849, more than twice the number two decades ago, for an estimated homicide rate of close to 30 per 100,000 people.³² The recorded homicide rate in Jamaica was only surpassed by Colombia (63) and South Africa (52) (WB 2004: 121).³³ Most of this crime (75%) is focused in Kingston and neighboring suburban areas. Over half of these crimes are drug related, featuring a perverse linkage between gangs, drugs and politics.³⁴

The government has been alarmingly ineffective at crafting adequate responses to deal with the rampant increase in crime. Structural weaknesses have thwarted the efforts of the Jamaican government to fight crime. The Jamaica Constabulary Force is perceived to be corrupted by political and drug related interests, and the judicial system -though widely perceived to be independent of political pressures- is backlogged with pending cases and sentences. Problems are further aggravated by the widespread perception that drug lords and gang leaders appear to have kidnapped government spaces and agents of change. This section revises the nature of the problem, the institutional spaces and adopted policies for fighting crime, and assesses the possible causes of these failed policies. Overall, it argues that the government's response to the crime issue has been generally **rigid**, or **ineffective** for providing a satisfactory response and prevent further escalation of conflict. Ironically, the enforcement of "inter temporal agreements" has been in the hands of drug dons, by endorsing the political ambitions of certain Members of Parliament and local politicians, but also holding them accountable for the "provision" of police impunity and other selective benefits from formal political power. Some civil organizations like "Jamaicans for Justice" have been created in response to widespread concern about police impunity and the government's inability to effectively address this issue (Griffith 2001: 31).

as an instrument for adjustment, while fiscal policies are rigid]]. PJG acknowledges current lobby of private sector to improve their technical expertise and capacity of analysis. On the lobby question, PJG acknowledges that it is a small society and likely to produce personal connections. At the cabinet level however, there are likely to surface political pressures from cabinet members to the ministry of finance for increased spending in their constituencies, especially when the bank of Jamaica is holding millions of dollars in reserves when there is need for spending on their constituencies' schools {[sure, that happens everywhere, but are there exceptions to the rule (with minfin giving moneys to one district, or are there other informal ways by which moneys can be channeled? See housing authority and other pork programs]}.

³¹ While there is general agreement that international agencies and organisms have definitive strong agenda setting powers, the scope of the PMP focuses on the extent to which domestic political institutions are able to adapt/respond/adjust to exogenous shocks and international pressures. In {the relevant section}, this document explores the political dynamics behind the breaking of negotiations between the Seaga government and the IMF in the eighties.

³² "Crime Peace & Justice In Jamaica. A Transformative Approach". (Kingston: 1999) <http://www.jamaica-gleaner.com/pages/crime/crime.html>

³³ See Website of Office on Drugs and Crime, Centre for International Crime prevention, United Nations.

³⁴ "Roots of Crime (Part 2)". Jamaica Gleaner, August 19th, 1999.

The magnitude of the crime issue

According to a World Bank report, it is estimated that the direct cost of crime in Jamaica -the sum of healthcare costs, lost production days, and public security expenses- is estimated at J\$ 12.4 billion or 3.7 percent of GDP in 2001. This rate represents a per capita loss of J\$4725 (WB 2004: 144).³⁵ Assuming a monthly murder rate of 81 per month, the estimated annual output loss of murder victims in 2001 was about J\$194 million (WB 2004: 141).³⁶

The Crime Rate Indices (CRIs) for Jamaica have steadily increased over the past 30 years.³⁷ Over the last five years, 38,200 people were victims of major crimes across the island. Violent crime is concentrate in the inner-cities among young males, and is sourced mainly through illegal narcotics and arms trafficking” (World Bank 2004: 126). Combined, women, the elderly and the very young - people who were once spared the harshest of violent attacks - were the victims of about 56 per cent of the major crimes committed. These statistics include the murders of 129 young children, as well as the shooting and injuring of another 171.³⁸ {[is there available data? insert chart showing progression/evolution]}

Another side of the crime story is the widespread police killings. In 1999, the police killed 151 persons—trying to address crime—allegations of “police murder” (Griffith 2001: 27).³⁹ Killings and police brutality and intimidation have further affected the citizens’ trust in the effectiveness of the police and it has fueled retaliation cycles involving drug dons.

Ineffective government policies

Government efforts to address the crime issue have been too little and too late. Until the 1990s, endemic violence in Jamaica was considered the result of a “world capitalist order”, “the class struggle” or economic structural factors like poverty. Only in the last decade there has been a full acknowledgement that drug trafficking and corruption are at the core of the crime problem. Nevertheless, government efforts in this regard have been minimal or small victories –like

³⁵ {[citation elsewhere?]} Ironically, the drug economy is facilitated by Jamaica’s enabling business establishment and operation environment. Jamaica ranks high in international comparisons of its regulatory framework—it requires 37 days to start a firm in Jamaica, comparable to 34 days in Chile. Labor regulation are not perceived to be too onerous (the labor regulations index for Jamaica is 2 on an index from 0-6, where 6 is the highest level of regulation.” (World Bank, snapshot reports, online. <http://rru.worldbank.org/doingbusiness/TopicReports> in WB 2004: 123).

³⁶ “[T]he mortality and injury costs together yield an estimate of annual loss of about J\$1.9 billion or 0.6 percent of GDP.” (WB 2004: 141).

³⁷ “Over the 1984-2001, the country of Surrey (Eastern Jamaica) had the highest murder rates, rising from 41 per 100,000 of population in 1984 (compared to the national average of 21 per 100,000) to 79 per 100,000 in 2001 (national average 44 per 100,000). ...At the parish level, Kingston and St. Andrew had the highest murder rates, increasing steadily from 48 per 100,000 in 1984 to 93 per 100,000 in 2001. Kingston and St. Andrew averaged 57 percent of total murders during 1984-2001, but represented only 27 percent of Jamaica’s total population. In 2001, about 51 percent of reported violent crimes occurred in the city of Kingston.” (WB 2004: 128).

³⁸ Clarke, Charmaine. The Jamaica Observer. “Database to track crime stats and trends impacting children.” February 6, 2005. Online.

http://www.jamaicaobserver.com/news/html/20050205T220000-0500_74545_OBS_DATABASE_TO_TRACK_CRIME_STATS_AND_TRENDS_IMPACTING_CHILDREN.asp

³⁹ -“The Caribbean drug phenomenon revolves around four separate but related issues: drug production; consumption and abuse; trafficking; and money laundering.” (p74). Overcrowding of prisons is another phenomena (Griffith 2001: 34).

cutting crime rates in the late nineties- have been quickly reversed. Government failure in turn, has fueled citizens' mistrust in government institutions, whether it be the police, military or the courts.

When the Jamaican murder rate reached 889 in 1996 -the same level as 1980, a year of terrible political violence- the Minister of National Security and Justice announced an emergency "twenty-point" plan geared to drastically reducing the murder rate. The plan included a zero tolerance policy for minor offences, a high-technology center to investigate organized crime, and the promise to focus "the full glare of the police searchlight" on organized crime and criminal gangs.⁴⁰ The crime investigation center was supposed to develop a database linking records of Jamaican criminals to a number of international agencies in countries in which were known to have contacts and even networks: the United States, Canada, the United Kingdom, and Colombia. Only a few months later, Jamaicans witnessed with fear a dramatic increase in crime" (Maingot in Frühling et al. 2003: 244).

In recent years, the government has devoted financial and technical resources for strengthening the police forces, even at a social cost. Since 1999, the Justice and Correctional Services plus the Police have received larger budget allocations than health (PIOJ, various issues in WB 2004: 121). Structural weaknesses remain present at the Jamaica Constabulary Force (JCF), especially regarding the training, equipment and preventive strategies of the force {[include more detail on the workings of the JCF]}.⁴¹

Impunity and corruption of the police force have played a large part of the rampant crime story. In a 1991 survey on public attitudes toward the police and the court system, Carl Stone revealed that the public trusted neither the police, the court, nor the justice system. The levels of support had dropped to where they had been in the violent 1970s, with police trust levels below 40 percent. Many respondents felt the police were deeply involved in the drug trade. The court fared even worse in terms of the public perception of their honesty. This alarming rate of deterioration in the justice system stemmed from a "pervasive feeling among the public that all public institutions in the country are corrupt."(*Jamaica Gleaner* September 9, 1991). In Jamaica today, there is a widespread belief that local police and judicial authorities are vulnerable to the influences of "drug dons".⁴² [According to David Coore], "drug dons" make "community investments" in municipalities. They are likely to "buy" the local police –put them in their payroll- {[illustrate alleged connections of corruption of the courts; also add more of the existing examples of corrupt links between the police and the drug dons]}.

To compensate for inefficient government policies, elements of the private sector have stepped in to provide answers to citizens in need. A "Phone-In" radio program was launched in June 2002 so that people could call in and give feedback to police and business leaders on crime fighting policies. The PSOJ President Beverley Lopez noted that the program provided an important

⁴⁰ Jamaica Gleaner, December 31, 1996: 1

⁴¹ "Violent Crime and Murder Reduction in Kingston". Police Executive Research Forum (Washington: 2001).

⁴² According to Pfrancis at JAMPRO, the customs and the police are hotbeds for corruption {[do we have any indicators of customs revenues or customs administration and an idea of corruption? Check with TI's index of corruption for Jamaica]}

avenue for voice their concerns in a direct way to policymakers.⁴³ Others have organized NGO's like Jamaicans for Justice {[get full story]}.

The drug don and politics connection

As suggested by the previous section, one of the causes explaining failure is the embedded connections between the police and the courts with drug dons. Drug lords are also believed to act as power-brokers for local and national politicians. Political parties in Jamaica have traditionally maintained a strong presence at the local level through activities in community centers, sports fields, dancehalls, and so on. During the last decade however, local politicians acting under a dominant party scheme and in conditions of fiscal austerity, have become less powerful and less able to deliver local goods to their constituencies. Thus, leading politicians have also been unable to unite warring factions within communities, while gaining a reputation of delivering hollow promises. Local patrons or “dons” on the other hand, have historically have provided strong leadership within communities, ensuring stability and paternally distributing jobs and money, as well as providing protection.⁴⁴ With the influx of the drug trade, drug dons have become extremely powerful actors within the community, not only replacing the roles played by politicians but also supporting, and endorsing political careers of local leaders during election periods.

Drug dons can “endorse” the electoral support of some districts to a candidate of their choosing, in exchange of political protection and judicial impunity for their illegal activities. According to some, this protection can take the form of turning the blind eye on drug related investigations, controlling the local police, bribing some judges or magistrates at the local level, etc {[provide more examples from existing notes]}.⁴⁵ MP's can quickly becoming hostages of interests by being required to provide political protection, contracts, gun-carrying permits, visas to the United States. Drug lords and gang leaders are said to be major beneficiaries of lucrative government contracts "amicably distributed across the political divide". As the findings put it, "this speaks to the continued close integration of the major gangs and gang leaders with the two leading political parties".⁴⁶ The parties thus make "a direct contribution to the high rate of violent crime in Jamaica".⁴⁷

⁴³ “POSJ Phone-In Programme” News release, November 7, 2003. <http://www.psoj.org/pressrelease20031107.html>

⁴⁴ An example relates the story of a family owned construction firm in Kingston Metropolitan area. It describes the struggles between the construction firm and the local “dons” over having skilled workers accomplish the work. The firm ultimately decides to ‘accommodate’ the local dons, often hiring workers on the recommendation of the don, who then extorts a payment from the worker as a contribution for his interference. In this case, gang warfare based on party affiliations occurred on the construction site and the subcontractor for the project was killed. (Harriott et al. 2003 in WB 2004: 136 (see handout).

⁴⁵ When asked whether MP's could influence in decisions of magistrates to rule in favor of drug interests during trials, David Coore answered: “no, but judges may sometime make mistakes in their rulings”. Interview, David Coore, Kingston: 14 January 2005.

⁴⁶ -“The gangs are often more equipped with sophisticated weapons than the police. Even when their members are caught, citizens are too terrified to give evidence against them in court. The gangs obtain their weapons both from the drug trade, in which some members are deeply involved, and through political party officials who engage their services as political enforcers and mercenaries.” (Stone 1986: 58) Ft. “Large illegal importations of high-powered weapons are believed to be connected to the two major political parties.” (Stone 1986: 72).

⁴⁷ “Roots of Crime (Part 2)”. Jamaica Gleaner, August 19th, 1999.

Drug and gun money is believed to affect all the way to higher government spheres. Laurie Gunst's research claims the existence of definite links between political parties and drug traders. Commenting on a drug scandal involving the JLP in the mid nineties, Gunst asserted that "whether or not [Edward] Seaga [leader of the JLP] was feeding cocaine to his paladins, the JLP definitely controlled the trade... and several of his government ministers were said to be involved in protecting its movement into and out of Jamaica (Gunst 1995, 117). Shortly after, JLP's Seaga denied in Parliament any involvement in drug-related or criminal activities: "I have no control over these persons, no control whatsoever... I have no intention of presiding over any area in which people can tell me that they are not listening to what I have to say when I have the moral right to tell them that, and I have no reason to stay in a constituency in which people are being brutalized by men who are totally out of control, with a massive police station right in the middle of the whole thing." (Griffith 1997: 86).⁴⁸ Regardless of the burden of truth, Seaga's message provides an eerie look into the political dynamics of drug traders and how their control over garrison constituencies.

⁴⁸ Edward Seaga in an interview on the "Breakfast Club," KLAS FM89, Wednesday, September 28, 1994, published in the Herald September 30, 1994.

IV. The JPMP: Political Institutions, Actors, Interactions

Politically, the combination of a two party system, with parties having strong and deep roots into the labor union movements and some business groups, the existence of a parliamentary system, a well-organized and stable government bureaucracy, and the permanence of supreme court judges, have a double impact the nature of the JPMP: a) it significantly reduces the number of (formal) veto players, especially due to the fact that the government PNP party has the majority in both houses; and b) the power structure has a vertical/hierarchical and corporatist nature, c) the rules of the game facilitate the enforcement of inter temporal agreements (but also generates a strong status quo bias).

-“There is fundamental acceptance of the need for a political system based on democratic choice and popular consent, as opposed to one based on autocracy or dictatorship. However, given discontent with the architecture and mechanics of governance, the society is in search of an appropriate mechanism to ensure fundamental fairness and facilitate political stability. Thus, Jamaica is in a positive search for consensus.”(Griffith 2001: 1).

The people’s National Party, led by Prime Minister Patterson, won a fourth consecutive term in office in October 2002, with a reduced but still comfortable majority. However, in municipal elections held in June 2003, the opposition Jamaica Labor Party won control of 12 of 14 municipal councils (it controlled none before). The authorities have been trying to forge a broad consensus on economic adjustment and reform policies through consultations with trade unions and the business community.” (Griffith 2001: 1)

1. The Executive

Jamaica is a parliamentary democracy, based on the British Westminster style of government. The formal head of the Executive Branch of government is Queen Elizabeth II. The Queen with the advise of the Prime Minister, appoints a representative, the Governor-General (GG), who performs the ceremonial functions of Head of State. The GG collaborates with the Prime Minister in the appointment of Ministers, Parliamentary Secretaries, the Attorney General, Senators, Privy Councilors, the Chief Justice, the President of the Court of Appeal, the Director of Public Prosecutions, and Members of the Service Commissions. The GG’s formal Assent is required for bills to become law (JC Chp 4). Other functions include granting judicial pardons, and convening and adjourning Parliament (Griffith 2001: 9). The current GG is Howard Felix Hanlan Cooke, appointed on August 1991. in practice, the GG is perceived to play a very small or nominal role in politics, since the real power wielder is the Prime Minister, the *de facto* head of state.

Under Chapter VI of the Constitution, the GG is required to appoint as Prime Minister “the member of the House of Representatives who, in his judgment, is best able to command the confidence of a majority of the members of that House...” (JC Chp. VI). The Prime Minister (PM) in turn, selects the Ministers, Ministers of State and Parliamentary Secretaries to be appointed by the GG. He forms the Cabinet and presides over it. He has the power to advise the

GG to dissolve Parliament and to name the date of a general election at any time within five years of the life of a Parliament.

Substantive power in the executive branch lies with Prime Minister, who is the predominant leader, with capacity to influence choice and stifle opposition within the Cabinet (and elsewhere in the political system) (Griffith, 2001: 9). The current PM is Percival J. Patterson, who commands the majoritarian People's National Party (PNP) for a fourth consecutive term, since he was first elected in March 1992 {we need to include election and time series results here}. {[The political establishment is in flux as Seaga retires from political life on January 20th and PJPatterson has announced similar plans in this year. [Who are the runner ups and what are their profiles?]}]

2. The Cabinet

The Cabinet is responsible for the general direction and control of the government. It consists of the PM and no less than 11 other Ministers (but there is no maximum). All Cabinet ministers must be members of one of the two Houses of Parliament but not more than four from the Senate (JC Chp. VI). Cabinet Ministers, including the PM himself, can perform their roles in more than one portfolio at the time, as in the case of PM Edward Seaga (1980-1989) who was Minister of Finance at the same time {[Confirm data]}. Each Ministry is administered and supervised by a senior civil servant called a Permanent Secretary and assisted by the Ministry's staff who are all civil servants {[to include in the Bureaucracy]}].

According to David Coore {[confirm former portfolios]}, the ministry of Finance is the most powerful cabinet portfolio, who has broad decision-making power over budgetary allocations (see box on the Jamaican Budget Process). Traditionally, the Finance Minister has been the most senior minister and has had a strong claim on party and governmental leadership in Jamaica, according to Robert Buddan.⁴⁹ The current Minister of Finance Omar Davies is serving the longest tenure of any other cabinet member since Independence, which can be taken as an indicator of his political influence and clout over the PM {[confirm how many years]}].

{[we need to include a chart of cabinet ministers, their party affiliation, and a brief comment about their turnover rates]}].

3. The Parliament

The legislative branch of government is divided into two separate houses, a sixty member House of Representatives, and a twenty-one member Senate. Members of the House are elected based on a single member plurality system, for a period of five years. The Governor-General formally appoints Senators, thirteen on the Prime Minister's recommendation and eight on the Leader of the Opposition's advice (See Griffith 2001: 10). Each party appoints a party leader or party whip. The current Leader of the Government Business is Peter Phillips, who is also the Secretary for National Security and one of the PNP's candidates to succeed P.J. Patterson {[confirm with Economist and Gleaner]}. The Leader of the Opposition Business is Derek Smith although Edward Seaga maintained a significant influence on the JLP's direction until his retirement from politics in February 2005 {[confirm reported disputes between Seaga and other

⁴⁹ Robert Buddan, "The Omar factor - PNP leadership race". Kingston: The Jamaica Gleaner, Sunday, June 13, 2004), <http://www.jamaica-gleaner.com/gleaner/20040613/focus/focus2.html>.

party leaders and how this affected JLP's quest to power]]. As expected from a Parliamentary Democracy, the House of Representatives can end the term of office of a government if a majority, of all its members, supports a motion of no confidence. However, this has never been the case as government's majority in the House has allowed it to complete its 5-year terms {[confirm]]. Political stability should in theory also be a sign of policy continuity.

Any member of the Parliament may introduce bills, although in practice only the House Members introduce most meaningful legislation. Cabinet Ministers usually introduce bills intended to set, revise or implement policy (Griffith 2001: 10). The Senate reviews legislation submitted by the House and may delay bills for up to seven months and economic bills for up to a month, but the Senate's delay may be overridden by the House if the majority passes such bills three times in succession. Senate concurrence is necessary for Constitutional Amendments.

{[insert flow chart of the bill process]}

According to Shirley Lewis, the Deputy Clerk of the House, only one bill was proposed by the opposition in the past 10 years and it was killed on the floor {[confirm]}.⁵⁰ According to Ms. Lewis, the opposition has the opportunity to introduce policy amendments by bargaining at the committee level. Introduced bills are assigned to 10 Sessional Select Committees for discussion: Public Accounts, Standing Orders, House, Committee of Privileges, Regulations, Public Administration and Appropriations, Internal and External Affairs, Economy and Production, Human Resources and Social Development, Infrastructure and Physical Development. The Committees shall not have more than 6 members, none of whom shall be a Minister or a Parliamentary Secretary.⁵¹ Committees are supposed to reflect the partisan composition on the floor, thus ensuring the majority status of the government party. In addition to Sessional Select Committees, there are bipartisan special committees (ad hoc) to deal with other issues.

Although there are no specific empirical studies on the issue {[and we are working on this]}, it is believed that MP feature high reelection rates. Legislators' careers are likely to follow an "upward ambition", starting at the sub-national and local level, moving on to the House and swapping back and forth between the Senate and the House {[will confirm this path once we have the data]}. The most loyal and effective MP's can become Special Advisors to the Prime Minister, a supra ministerial position with high discretionary power.

4. Political Parties

The Jamaican party system has been traditionally structured around two main political parties, even before its independence from Britain in 1962. The People's National Party (PNP) is a left-wing Jamaican political party, founded in 1938 by Norman Manley, one of Jamaica's leading lawyers. Manley's cousin and a conservative labor leader, Sir Alexander C. Bustamante founded the PNP's rival party, The Jamaica Labour Party (JLP) in 1943. For thirty years after the country's independence, the two parties have alternated in power every decade or so: Bustamante's JLP ruled from independence in 1962 to 1972; Norman Manley led the PNP's government from 1972 to 1980. Edward Seaga (JLP's leader since 1963) took the party back to

⁵⁰ Personal Interview, Ms. Sharonette Lewis, Deputy Clerk. (Kingston: Gordon House of Parliament, 12 January 2005).

⁵¹ Standing Orders of the House of Representatives of Jamaica, 1964.

power and serve two terms as Prime Minister from 1980 to 1989. The next election put the PNP back in power under the leadership of Norman Manley, but he passed the party's leadership to Percival Noel James Patterson before he retired from politics in 1992. P.J. Patterson has led the PNP to victory in 1993, 1997, and 2002, thus becoming the first Jamaican politician to win three successive general elections. The PNP remains in office today. Carl Stone, Jamaica's most prominent political scientist, describes the party system as "a highly competitive political system where there is open and often extreme confrontation for power but where the middle class professional leaders who control the party-dominant political system have effective control over both policy making and the machinery of political power, the mass party" (Stone 1986: 71).

The first two and a half decades of partisan competition in Jamaica show the polarization of policy options between the PNP and the JLP. The state oriented, nationalist and at times pseudo socialist government of PNP's Michael Manley is a sharp contrast with the more conservative, privatizing and free market government of JLP's Seaga. To an extent, these parties and their leaders reflected cold war dynamics as well: while Manley developed a strong diplomacy towards Castro's Cuba, Seaga received economic aid and policy influence from Reagan and Thatcher. "Where the PNP emphasized political and ideological mobilization, the JLP argued that what was needed was market and material incentives and greater freedom of choice by consumers, investors and labor. A more competitive market was seen as an ideal substitute for government controls to allocate resources and determine price levels. The JLP was emphatic in pointing out how much shortages and black markets exploited the consumer and argued vehemently for supply increases to induce prices to find lower levels." (Stone 1986: 168). The ideological polarization of government policies also translated into violent elections on the streets, where politicians from both parties fiercely defended their "garrison constituencies", an inherent feature of Jamaica's two-party politics" (Griffith, 2001: 6).

The 1989 election gave a narrow victory to Manley, who then adopted a commitment to "third way" democratic socialist policies. According to David Coore, this election also marks the beginning of a general move towards policy convergence in Jamaica.⁵² P.J. Patterson, who comes into power four years later, successfully continued with Manley's third way legacy; under his leadership, the PNP becomes friendlier towards business groups lobbies as well as policy recommendations from International Financial Institutions. The ideological convergence towards the center however, did not encourage the opening of the system to third –more extreme- political parties like the Communists, as Stone had expected in the eighties (1986: 189). The policy preferences of both parties became less noticeable regarding domestic policies; the JLP however, has unsuccessfully opposed PNP's efforts for regional integration with other CARICOM countries {[what other policy options become available to JLP, especially if they lack the political clout, resources, and the technical expertise to shape their own policy preferences vis-à-vis the PNP?]}.

Policy convergence of political parties in the nineties, also indicate a significant departure from the demands of its traditional constituencies. Traditionally, both parties had developed –and were born out of- strong linkages to labor unions. At this point, the strength of Jamaican political parties –according to Stone- depended on the degree to which "(they had) become an instrument of political expression by the poorer classes while serving the vital unifying function of

⁵² Personal Interview...

integrating a cross section of class interests that come together in the political parties to compete for power.” (Stone 1986: 71). But such relationship was inherently linked to the provision of personalized political favors, though a quasi-corporate structure of party membership rather than provide an opportunity for treating with the wider class or group interests or the problem involved.” (Stone 1986: 62). In the meantime, “the powerful, the rich, and the middle class rely mainly on nonparty channels of political expression” (Stone 1986: 70) {[verify this claim against the argument for strong labor unions and explain its consequences on the policymaking process → OF]}.

{Church sometimes gets involved in politics.⁵³ The Golding Story and JLP conflict.⁵⁴}

5. Elections and the Electoral System

Although Jamaica acquired formal independence from the British in 1962, it has held general parliamentary elections since 1944 and local government elections since 1947.⁵⁵ In 2002, Jamaica also held municipal elections for the first time. Voting age is 18 years old, after a 1972 reform that lowered the voting age from 21 years.⁵⁶ Security forces vote in advance of election day so that they can be deployed across the island on that date. Voting is not compulsory and participation is usually around two-thirds of the registered votes.

Three different statutes regulate the conduct of parliamentary and local elections: The Representation of the People Act, The Kingston and St. Andrew Corporation Act, and the Parish Council Act (Griffith 2001: 36). The country is divided into 60 constituencies from 14 parishes: Clarendon, Hanover, Kingston, Manchester, Portland, St. Andrew, St. Ann, St. Catherine, St. Elizabeth, St. James, St. Mary, St. Thomas, Trelawny, and Westmoreland.⁵⁷ Elections are supervised by a senior civil servant as chief electoral officer, a staff consisting of a returning officer in each constituency, election clerks, and a polling clerk at each polling station. Votes are counted in the presence of the candidates or their agents to minimize charges of fraud. A returning officer may cast a vote to decide a tie.⁵⁸ The Electoral Advisory Committee {[composed of...?]} oversees the electoral office (2001: 37).

⁵³ “The PNP-Council of Churches alliance revived in 1984 over the JLP government’s proposal to introduce casino gambling in Jamaica. PNP supporters and hard core church activists generated considerable opposition to the proposal.” (Stone 1986: 60) other church factions –the evangelists—support the JLP.

⁵⁴ In October 1995, Bruce Golding, a well-respected economist and businessman and former chairman of the JLP, left the party to launch the National Democratic Movement (NDM), one of the most significant political developments since independence. Golding brought with him a number of key JLP figures, including one other member of parliament, cutting the JLP’s seats to six.⁵⁴ There has been vicious fighting within the party for successor for leadership of the party especially between Pernel Charles and Bruce Golding. After the smoke cleared, Golding has emerged as heir apparent and Charles has withdrawn his bid. Golding has also been selected to run for Seaga’s Western Kingston seat. Until Golding becomes an MP, Dr. Ken Baugh will serve as interim opposition leader.

⁵⁵ Electoral Office of Jamaica. <http://www.eoj.com.jm/Scripts1/history.html>

⁵⁶ Act 11 of 1972. Find full citation.

⁵⁷ “Administrative structure of Jamaica” Electoral Office of Jamaica. www.eoj.com/jm/Scripts1/constituency.html)

⁵⁸ “Jamaica: Government and politics” Caribbean Islands, Country Studies. U.S. Department of the Army. <http://countrystudies.us/caribbean-islands/34.htm>

Constituencies are demarcated by a six-member standing parliamentary committee, but according to some authors, alterations favoring the party in power are not unknown {[find evidence]}. Candidates and their constituencies, are nominated twenty-three days before an election by the party's central committees. Each nomination must be accompanied by a deposit of \$3000 Jamaican dollars (approximately \$50USD), which is forfeited if the candidate receives fewer than one-eighth of the votes cast. Campaign expenses are limited by law, and influencing voters unduly is prohibited. According to an existing study however, loopholes do exist and have been used.⁵⁹

Elections in Jamaica have been associated with significant street violence, especially during the eighties. This is caused by the existence of the so-called “garrison communities” —armed political fiefdoms promoted and maintained by the main political parties in some of the 60 parliamentary districts. Such partisan disputes between the two main parties are vulnerable to the influence of drugs and arms trafficking. The electoral violence has also produced a significant share of swing voting across voting districts.

For different reasons, the Jamaican Labour Party swept the 1984 parliamentary elections; had the electoral rules been closer to proportional representation—something like the German two-vote system—the willingness of Jamaica's opposition (which had boycotted the elections) to participate in the elections might have been greater (Dominguez in Dominguez et al. 1993: 20).

{[illustrate politics of candidate selection/nomination]} {[Stephen: illustrate instances of gerrymandering: illustrate one and find corresponding vote shift]}

6. The judiciary and the courts

The Judicial Branch in Jamaica is composed by the Judicial Committee of the Privy Council, the Court of Appeal, The Supreme Court and 19 Resident Magistrates Courts.⁶⁰ The Judicial Committee of the Privy Council (which sits in the United Kingdom) is composed of seven Law Lords and it is Jamaica's final court of appeal. The current government has joined efforts with other 9 CARICOM countries to replace the Privy with a regional based judicial body: a Caribbean Court of Justice. The Jamaica Court of Appeal is at the apex of the court hierarchy in Jamaica. The Court is based in Kingston and consists of a President, the Chief Justice, and six Appeal Court judges (Griffith 2001: 10). Judicial independence is compromised as the president of the Court of Appeal is appointed by the Governor General on recommendation from the Prime Minister (after consultation with the leader of the opposition).

The Supreme Court consists of the Chief Justice, a Senior Puisne Judge, and 14 Puisne Judges. The Governor General also appoints the Chief Justice on the recommendation of the Prime Minister (who makes a non-binding consultation with the Leader of the Opposition). The Court has both criminal and civil jurisdiction, with a single judge sitting with a jury—twelve in murder cases, and seven in other cases. As the Chairman of the Judicial Service Commission, the Chief Justice also handles all administrative appointments and transfers within the judiciary. Other

⁵⁹ “Jamaica: Government and politics” Caribbean Islands, Country Studies. U.S. Department of the Army. <http://countrystudies.us/caribbean-islands/34.htm>

⁶⁰ “Administrative Structure of Jamaica”. Electoral Office of Jamaica, www.eoj.com/jm/Scripts1/constituency.html

courts include the Revenue Court, the Family Court, the Gun Court, the Coroner's Court, the Traffic Court, the Petty Sessions Court --presided by "Justices of the Peace" who are local notables without legal training--, and Juvenile Courts.

In the light of a dramatic increases in political and criminal violence during the eighties, Carl Stone criticized in 1986 what he referred to as "the criminal justice system's corrupt practice of bribing juries and rendering corrupt judgments in favor of those who have political or economic power" (Stone 1986).⁶¹ A 1999 Freedom House report highlights the systems' inefficiency, particularly in addressing police abuses and the deplorable, violent conditions of prisons. Despite government efforts to improve penal conditions, a mounting backlog of cases and a shortage of court staff at all levels continue to undermine the judicial system.⁶² Yet it is puzzling that recent comparative evidence shows a well-developed nature of Jamaica's judicial system. In a comparative survey regarding the perception of judiciary independence, Jamaica scored one of the highest rankings in the region (5 out of 7 possible points), only surpassed by Uruguay ((5.3) and Costa Rica (5.1), conventionally accepted as countries with an independent judiciary.⁶³ Similarly the average tenure of Jamaican judges between 1960 and 1994 (12.2 years) stands above the 75-countries sample mean (11.4 years), and it is only surpassed in the Latin American and Caribbean region by Trinidad and Tobago and Guyana.⁶⁴

{[illustrate with a simple bar chart]}

A recent World Bank Report attempts to reconcile these conflicting views claiming that the perceived fairness and independence of Jamaica's Court System from political pressures coexist with considerable delays in the administration of justice, and legal and administrative practices are outdated and inefficient (WB 2004: 126). This interpretation suggests a technical and administrative deficiency of the courts, possibly due to administrative factors, not political will. The WB report claims that "the courts are seen as not adequately giving the institutional support that is needed to deal effectively with both criminal and civil cases. The process is seen as being too long and time consuming. Many firms and individuals are therefore forced to find other ways of coping with some types of crime and business related conflicts. (WB 2004: 134). Some claim that many of the new judges and lawyers were not as well educated as in the past. Since the early 1970s, only graduates of the three-year West Indies Faculty of Law or the two year graduate School of Legal Education have been permitted to practice law in Jamaica, whereas previously most Jamaican lawyers received their legal training in Britain. Yet, given the structural nature of the drug problem and the rise of drug related crime in Jamaica (see outer features), the apparent contradiction between perceived judicial independence and slow and inefficient judicial performance needs to be further explored and clarified.

⁶¹ "Jamaica: Government and politics" Caribbean Islands, Country Studies. U.S. Department of the Army. <http://countrystudies.us/caribbean-islands/34.htm>

⁶² "Jamaica: country report". <http://freedomhouse.org/survey99/country/jamaica.html>

⁶³ The survey question is "The judiciary in your country is independent and not subject to interference by the government and/or parties to disputes (1=not true, 7=true)"

⁶⁴ IADB-PPT presentation. Get source from Tomassi-Mandalaoui.

7. The Bureaucracy

Chapter IX of the Jamaican Constitution establishes the Public Service as well as the Police Service Commission. The Heads of these Commissions are appointed by the Governor General, on the recommendation of the Prime Minister after consultation with the Leader of the Opposition (JC Ch. IX). Notwithstanding the control exercised by the Services Commissions in general, the Governor General (on the recommendation of the Prime Minister after consultation with the Leader of the Opposition) also appoints senior civil servants like Permanent Secretaries and the Financial Secretary. Acting on the advice of the Prime Minister, the Governor General has the power to transfer a Permanent Secretary, and the power to appoint Ambassadors, High Commissioners, or other principal representatives abroad. These appointments shall be made provided that the nominee is a civil servant and that the Prime Minister has consulted his candidacy with the Public Service Commission. More informally, it is known that the Prime Minister may reward loyal MP's by granting them status of "special advisors" or consultants to high political office, thus bypassing civil service procedures. Despite specific provisions for procedures to appoint and dismiss middle rank civil servants, it is not unknown that partisan criteria influence the careers of bureaucrats. There is more willingness to admit partisanship affiliation and criteria at lower ranks of the bureaucracy ladder.

According to a comparative survey of 75 countries, the Jamaican bureaucracy is perceived to be on average, more competent than its regional counterparts, scoring 3 on a 7-point scale.⁶⁵ Over the past decade however, the Jamaican labor force, but more specifically its bureaucracy, has suffered a dramatic brain drain. Highly skilled and well-qualified civil servants have retired or left for international organizations. Newer generations are home trained, poorly paid, and have become more vulnerable to corruption as their salaries tend to decrease or remain frozen. Those who do return are more likely to become entrepreneurs rather than seeking a government job.⁶⁶

8. Sub-National government

The sub national unit of government is the Parish. Local government is carried out through Parish Councils, generally elected every three years, and up to 2002, Mayors were elected by the respective councils to lead them. In June 2003, municipal elections were held for the first time, with the opposition Jamaica Labor Party winning control of 12 of 14 municipal councils (where it controlled none before).

{[report electoral data on parish Council elections, by partisan affiliation and geographic location, and by municipal elections in 2003]}

Parish Councils are responsible for minor water supplies, solid waste collection, parochial roads, traffic management and parking, public markets and abattoirs, regulation of certain retail establishments, poor relief and infirmaries, parks and cemeteries, drainage and building approval

⁶⁵ The question asked is whether the competence of personnel in the public sector is (1=lower than the private sector, 7=higher than the private sector). IADB-PPT data. Get source from Tomassi-Mandalaoui.

⁶⁶ "Brain Gain" The Economist. (London: The Economist, Oct 9th, 2003). Similar opinions were expressed by Professor Neville Duncan, director of SALISES, at the University of West Indies. Personal Interview. Kingston, 13 January 2005.

{[get more details on Parish Council Act: since when, what other provisions]} (Griffith, 2001: 13). Despite formal provisions, the economic crisis of the eighties and the subsequent economic restructuring led to a re-centralization of a number of powers and service responsibilities (Griffith, 2001: 13). During the nineties, national government agencies or enterprises were in charge of providing many local services, including infrastructure development, land use planning, solid waster collection and disposal, local revenue collection, fire protection, electricity supply and distribution, and water supply and distribution (Griffith, 2001: 13).

Not surprisingly, this re centralization led to a dramatic erosion of the authority as well as the effectiveness in delivery of services of parish councils. According to Griffith, it also led to greater institutional fragmentation of responsibilities for the land development process and local services, resulting in uncoordinated planning and delivery.” (Griffith, 2001: 13).

9. Other Government Offices/Actors (to be completed):

The national housing trust (NHT), discretionary moneys for pork, huge housing contracts allocated to political cronies.

-“Housing finance is another area that remains effectively nationalized. The National Housing Trust, the main source of mortgage funds, is financed by a five per cent payroll tax. At the same time, as a recent World Bank report notes, “A ceiling on private mortgage lending rates has been maintained below market interest rates.” (“Jamaica: Economic Situation and Public Investment,” April 1985) AID funds have poured into the government’s housing programs, thus stifling the development of private financing. The government also recently reimposed rent controls—one more blow to private housing.”

Bovard, James. “Jamaica: No Free Market, No Miracle.” *The Freeman: Ideas on Liberty*. December 1987. Online. <http://www.fee.org/vnews.php?nid=1843>

AID recently gave the Jamaican government an additional \$15 million to rebuild housing in Kingston. Sara Frankel, AID’s Chief of Regional Housing and Urban Development for the Caribbean, contended that the private sector was not aggressive enough to take “a piece of the action.” (*Daily Gleaner*, February 2, 1987) First our foreign aid agency helps disrupt the local housing market—then it scorns the private sector for not jumping into the resulting mess.

Editorial “Another scandal?” *The Gleaner*, February 16 2002. Online. <http://www.jamaica-gleaner.com/gleaner/20020216/cleisure/cleisure2.html>

The Port authority: huge influence given openness of Jamaican economy.

Both these agencies are not included within the normal budget plan, and act as discretionary sources of funds {[find corroborating evidence on tax reforms report]}. According to Maxine Garvey (interview 12 jan 05), these are ran by political players, close to the government, both parties and cabinet members.

Non governmental actors

1. Business Groups

More than 300 private business groups in Jamaica are organized under an umbrella organization, the Private Sector Organizations of Jamaica (PSOJ), founded in 1970. The PSOJ is governed by a fifty member Council which is elected by the general membership to serve for a two year period. The Council elects each year from its members, an Executive Committee, which appoints an Executive Director. Currently, the PSOJ is chaired by Ms. Beverly Lopez.⁶⁷ The organization provides economic analyses as well as influences government policy decisions through 10 active committees: Corporate Governance, Energy, Economic Policy, Education, Environment, Jamaica Medical Assistance Programme, Membership, National Crime Prevention Fund, National Security and Trade Policy. The PSOJ claims to have played an instrumental role in “the process of liberalisation, deregulation and privatisation during the 1980s, the lifting of exchange rate controls, tax reforms in the late 80s and early 90s, the reform process in the Police Force, beginning with the Hirst Report, the drive to connect inflation with money supply, the ongoing process of electoral reform, and amendments to the New Companies and Revenue Administration Acts” (PSOJ 2004).⁶⁸

According to personal interviews with academics, as well as current and former government officials, there are five main business groups - with various strengths and weights- competing for power and influence within the PSOJ.⁶⁹

- The Jamaica Chamber of Commerce (JCC), comprised of “large, medium-sized and small firms of merchants, industrialists, manufacturers, accountants, lawyers, bankers and a wide range of professionals and other associates as well as individual membership”.⁷⁰
- The Jamaica Bankers Association (JBA), founded in 1977 is composed of 14 bankers {[get exact composition of domestic vs. foreign owned banks (40% domestic and 60% foreign I think), and when did the balance change?]}
- The Jamaica Exporters Association (JEA), with more than 30 years in operations and over 200 members.⁷¹
- The Jamaica Manufacturers Association (JMA).
- The Jamaica Hotel and Tourist Association (JHTA), established in 1961.⁷²

The largest partners, especially those with direct links to the financial sector such as Hotels and Bankers, have traditionally had the upper hand for influencing government policies. Smaller partners may obtain delayed benefits from staying within the PSOJ coalition: they get access to collective benefits although their immediate demands are put on hold. Although the business sectors are portrayed as independent from political dynamics, it is perceived that they have been generally backing the electoral bids of politicians, and during the closely fought 2002 general

⁶⁷ Private Sector Organizations of Jamaica. <http://www.psoj.org/aboutPSOJ.html>

⁶⁸ Private Sector Organizations of Jamaica. <http://www.psoj.org/aboutPSOJ.html>

⁶⁹ Personal Interviews. Maxine Garvey (Mona School of Business, 12 January 2005), Patricia Francis (Executive Director of JAMPRO, 13 January 2005), and David Coore (Former Finance Minister, 14 January 2005).

⁷⁰ Jamaica Chamber of Commerce. <http://www.jcc.org.jm/aboutus/>

⁷¹ The Jamaica Exporters Association. <http://www.exportjamaica.org/about.stm>

⁷² The Jamaica Hotel and Tourist Association. <http://www.jhta.org/index.htm>

election, they supported both sides.⁷³ In recent years, business lobbies have complained that they lack the analytical and statistical skills to replicate government analysis and produce their own economic analyses, vis-à-vis government think tanks such as the Planning Institute of Jamaica.⁷⁴

Bankers (to be completed)

The number of banks in Jamaica mushroomed in the years following the independence (1962). Banks are nationalized during the Manley years {[verify this?]}. Banks are re-privatized by Seaga during the eighties. {[find and compare the number of banks before and after the nationalization period; compared this with the share of domestic vs. foreign owned banks]}.

The 1997 banking crisis is a good window into the policy making process in Jamaica. According to some interviews {[Maxine Garvey]}, there are many corruption scandals involving bankers loaning moneys to themselves and later benefiting from government bailouts. Banking crisis was blamed on the government given the “structural weakness of the system due to the sudden financial liberalization in the early nineties) and not enough government regulation (which is ironic because bankers would have protested had the government intervened earlier on to limit credits). {[Are there cases of bankers who are politically connected to government officials? Check the case of Michael Leechean, Canadian owner of Toronto Dominion/AIC]}. The banking crisis and subsequent government bailout produced a multimillion dollar “hole” in the budget of approximately 4% GDP. Government had to intervene to save banks because most of the debt is locally owned. The government created FINSAC to process the bailout, but no one went to jail. In the end, account holders got their monies back {[find out more on banking crises and the (political) role of FINSAC]}.

Bauxite (to be completed)

Very strong lobby, especially in the seventies, when the Jamaican government controlled {??} of the world production and unilaterally set higher bauxite prices. According to Maxine Garvey, they follow a traditional pattern of ISI. It has been traditionally a strong group [although with decreasing force in recent decades]. US and Canadian interests in Jamaican bauxite. {[in what percentage is bauxite run by Jamaicans/foreigners?]}. According to David Coore, one US ambassador told the PM: “if you don’t interfere with bauxite, we won’t interfere with your elections”.

2. Labor Unions

The law provides for the right to form or join trade unions, and they function freely in Jamaica. The Labor relations and Industrial Disputes Act (LRIDA) defines worker rights. However, only 15 percent of the work force is organized. The LRIDA neither authorizes nor prohibits the right to strike, but strikes occur. Striking workers can interrupt work without criminal liability but cannot be assured of keeping their jobs (Griffith 2001: 31). Workers in 10 broad categories of “essential services” are prohibited from striking, a provision the International Labor

⁷³ Personal Interview. David Coore (Former Finance Minister. Kingston: 14 January 2005).

⁷⁴ Personal Interviews. Patricia Francis (Executive Director of JAMPRO, 13 January 2005), and Peter John Gordon (PIOJ, 14 January 2005).

Organization repeatedly condemned as overly inclusive. No strikes were declared illegal during 1999. Domestic labor laws apply equally to the export processing or “free zones.” However, there are no unionized companies in any of the three zones—established in 1972, 1985, and 1988—that employ 10,039 workers. Organizers attribute this to resistance by foreign owners in the zones to organizing efforts, but attempts to organize plants within the zones continues.” (Griffith 2001: 31-32).

Labor unions in Jamaica have been a central feature of the party formation process from its origins. The Bustamante Industrial Trade Union (BITU) was formed in 1938 under the leadership of Alexander Bustamante. The BITU included a maritime union (dockworkers, banana carriers, longshoremen), a Transport Workers Union (tram and railway workers as well as mechanics and chauffeurs), a Factory Workers Union, a Municipal Workers Union (government workers) and a general Workers Union (for farmers). Early achievements of the BITU include: advocating for the passage of a minimum wage bill, and workmen's compensation, paid holidays, regulation of women's hours of employment, the creation of pension funds, laws relating to slum clearance and the passage of the Trade Union Act of 1939 which provided for mediation, conciliation and arbitration of disputes between employers and employees.⁷⁵ Parallel to Bustamante's quest, his cousin Norman Manley helped found the rival National Workers Union (NWU) in 1944. For over thirty years, these two parties became the backbone of party politics in Jamaica. According to Carl Stone, during the eighties “...57% of workers are in the BITU (JLP), 31% in the NWU (PNP), and the remaining 12% spread between the TUC (6%) and a multiplicity of very small trade unions” (Stone 1986: 107). Labor unions have traditionally contributed to the financing of party campaigning, and provided union members to provide campaign help.

Although they constantly challenge each other's membership and electoral ridings, the larger trade unions (BITU, NWU, TUC, JALGO) have come to form a broader alliance. Their dominance of the union membership is resented by the smaller trade unions, thereby creating a sharp cleavage between the established unions and the smaller ones. Among the smaller unions the most active are the communist party affiliated UAWU; UTASP, which represents clerical, technical, and administrative workers; and JUPOPE, which represents government workers (Stone 1986: 107). Over time, labor union membership has experienced a significant erosion {[quantify]}, which explains a less confrontational and more policy-oriented and cooperative relationship with the government.⁷⁶ According to Peter John Gordon, the power of the labor lobby has waned over the past 5 years due to the fact that a smaller fraction of the labor force is unionized.⁷⁷

According to some critics, another explanation for the diminishing role and influence of the labor unions is the adoption of economic adjustment and liberalization policies. Labor Unions have not

⁷⁵ The BITU. <http://www.jamaica-gleaner.com/pages/history/story0034.html>

⁷⁶ Personal Interviews have a conflicting perception of labor membership in Jamaica. While David Coore explains that “membership has remained the same” and policy making has become more policy oriented, Peter John Gordon claims that its recent concessions are due to a decrease in membership {[contrast and verify]}. Personal Interviews. David Coore (Former Finance Minister, 14 January 2005), and Peter John Gordon (PIOJ, 14 January 2005).

⁷⁷ {[in a box, analyze the politics behind the formation of “partners for progress” coalition, which interest at play, what are the main concessions, and are these agreements enforceable]}. Personal Interview. Peter John Gordon (PIOJ, 14 January 2005)

been able to effectively capture a share of profits that could be redistributed to workers, or to counterbalance global trends for free markets and economic integration. According to Trevor Munroe “it has become increasingly difficult to protect labor rights and standards that were usually protected through national legislation (...). In fact, the state now operates to protect the nonunion status of workers such as that of the free trade zones” (Munroe: 130 in Griffith 1997: 208). Moreover, the widespread of the informal economy contributes to this trend.

Ironically, the number of work stoppages has followed an inverse trend: two-thirds of strikes recorded in 1994 were due to wages and conditions of employment, the highest rate since 1982 and 38 percent higher than the previous year.⁷⁸ But strikes such as these do not have a major impact on wage growth as a whole. The recent creation of the Jamaica Confederation of Trade Unions marks a step towards strengthening the labor movement, but according to some critics, “it now has to develop new ways of addressing the global realities that have seriously polarized and marginalized the labor force and diminished the national space for achieving certain fundamental rights that are critical to any democratic society.” (Grant-Wisdom in Griffith 1997: 208-209).

⁷⁸ However, these figures reflect the frustrations of labor under structural adjustment rather than any serious attempt to organize as an autonomous force vis-à-vis capital. The wave of industrial unrest is not necessarily a sign of strength, for it is inevitable that in an open economy there will be conflict between capital and labor (Grant-Wisdom in Griffith 1997: 208-209).

V. PMP → OF (Research hypotheses)

This section outlines and summarizes the most salient features of the Jamaican policymaking process explored above, and makes explicit connections with an observed or expected impact on the outer features of fiscal and crime policies.

The resoluteness of the Jamaican government

Consistent with a theoretical expectation of a Westminster type of government, Jamaica features an exceptionally strong executive, whose mandate stems from a partisan majority in the House of Parliament. The Constitution enables the Governor General -the formal head of the State- to appoint high government officials in joint consultation with the Prime Minister and the Leader of the Opposition. In practice, the political weakness of the Governor General and the opposition ensure a significant concentration of power in the hands of the Prime Minister, who has a *de facto* power to appoint cabinet ministers, the majority of Senate members, higher ranks in the Bureaucracy, and the Chief Justice among others. Formally speaking, the House of Parliament has the power to remove the government if a majority of all its members supports a motion of no confidence. However, this has never been the case as the government's party has generally supported its leader for the entire elected tenure, thus ensuring significant government stability and policy continuity *[[*show chart]]*.

In terms of the policymaking process, policy continuity may mean high government resoluteness to “get things done”, as the Prime Minister's ideal preferences are met with few formal veto players; but it can also mean policy stalemate if the PM's ideal preferences lie exactly on top of the SQ point *[[*cite Tsebelis and illustrate diagram for ppt]]*. The second scenario appears to be relevant to understand the government's *resolute rigidity* for adopting fiscal adjustment policies. If the government faces pressures from organized interests outside the political policymaking process, it may very well be unwilling to challenge the SQ to a point that challenges the interests of his supporting coalition (*private regardedness*). Understanding government efforts to address the crime problem requires a broader framework. Suffice here to say that even if the government is willing to adopt and capable of implementing the necessary crime fighting policies –of which it has done too little and too late-, the resoluteness of the central government is likely to become *ineffective* as local level politics is increasingly controlled by informal networks of drug lords, violent gangs and corrupt politicians. These connections are further explained below (see political parties and elections).

The independent judiciary and a professionalized bureaucracy

According to a broader framework of political transactions, an independent judiciary and professionalized bureaucracy should have a positive effect enforcing inter temporal agreements (SpiTo 2003). As illustrated in the previous section, Jamaica has a highly professionalized and highly independent court system, with one of the longest tenures of court magistrates in office in the LAC region. Similarly, the performance of the Jamaican civil service has -according to comparative survey data- a good reputation vis-à-vis the private sector, compared to other LAC countries. Model predictions illustrate the potential effect of such features for enforcing government contracts, sustaining political agreements over time and ensuring the impartiality of such transactions. In practice however, the negligence or inability of the central government to

invest and strengthen these agencies can and have a negative impact (backlash) in the form of a weaker or inefficient enforcement of government policies over the last decade.

When confronted with the rampant crime problem in Jamaica, many critics agree that the judicial system is overwhelmed with a much larger number of cases than what it is capacity of handling it. A large number of pending cases, and overcrowded jails speak to the magnitude of this phenomenon. In recent years, the court system has suffered from government cutbacks, retiring judges are being replaced with poorly trained lawyers from local universities, and so on. In the bureaucracy, Jamaica has suffered from a brain drain over the past decade, by which highly skilled bureaucrats have left for international agencies or emigrated abroad. Current salary freezes and poorly paid conditions have further weakened the bureaucratic apparatus. The gradual weakening of the judiciary and government bureaucrats has made these agencies more vulnerable to the informal and pervasive influence of the drug economy. Over the past decade, drug dons have developed the networks, the resources, and the “enforcement technology” to corrupt justices, buy politicians and *de facto enforce inter temporal agreements* to ensure impunity and protection for their illegal activities.

The Jamaican legislature: a government rubberstamp or a policy tribune?

Given the constitutional structure of the Jamaica government, the role of the legislature on the policymaking process remains an empirical question. In the Westminster bipartisan model, it is in the best interest of the MP's to remain loyal to the party leader, as the party's policy making success may have a positive impact on the MP's constituencies. Taken from the leadership perspective, the party whip or the government will maximize compliance from the rank and file inasmuch as the party's policy preference take into consideration the ideal preferences of their MP's and their constituencies, or devises compensatory mechanisms to reward cooperation (pork barreling, logrolling, etc.). The nature and incentives for cooperation are also provided by the electoral system and candidate selection rules (see below).

Based on field interviews, the incentives for party loyalty and party discipline in Jamaica remain an empirical question. One the one hand, the political careers of Members of Parliament are strongly dependent on the whims of the party leadership. They decide which candidates are selected and nominated to run for office, they –or the PM- decide who is to fill a cabinet position, who composes the legislative committees and son on. If the model of party or conditional leadership as the one described above is in effect, we should then expect: a) a high degree of party discipline in voting decisions, b) a high “success rate” of government initiatives submitted to the House of Parliament, and c) a high degree of reelection of MP's, or in any case, a pattern of “progressive ambition” in such loyal members are promoted to the senate, cabinet positions, or higher government offices. A preliminary scan of the evidence does not seem to verify hypotheses b and c. If this is confirmed by detailed empirical analysis, it would suggest that the government either does not get all the bills it wants because MP's are not sufficiently or timely rewarded, or because MP's build their political careers independently of the party leadership altogether.⁷⁹ {[also we are doing parliamentary reelection rates]}.⁸⁰ If there are traces

⁷⁹ Other relevant questions: what are the incentives for loyalty and/vs. discipline? What are the rewards, punishments? How is dissent with govt proposals expressed on the floor?

⁸⁰ {[*schedule appointment with Sen. Trevor Monroe on political careers in Jamaica]}.

of low reelection rates or high parliamentary volatility (districts going to different candidates/parties all the time), and if electoral loyalties to parties are indeed fluid, this volatility would strengthen the claim that drug dons are the real power brokers doing the “constituency service”, and MP’s are solely the political instrument that ensures their impunity and protection, as suggested by many critics.

A complete analysis of legislation initiated, considered and approved {[planned for the second stage of the research]} would illustrate the role of the Jamaican parliament in the adoption of fiscal adjustment and crime fighting policies.

Political Parties and Garrison Constituencies

Jamaica’s political system is characterized by the presence of two strong political parties, that have historically cultivated strong connections to organized society –especially through labor unions- even before the country’s independence in 1962. The country’s electoral system, based on 60 single member districts, has favored the rise and consolidation of the two party system. As noted before, other features like the party monopoly over candidate selection and nomination of politicians has further strengthened the traditional role of political parties. For many years, the Jamaican electoral system has favored high concentration of political power in the top two parties and the subsequent division of the electoral map into “garrison constituencies” during the eighties. Traditionally, parties cultivated the electoral loyalty of specific districts and they controlled the social and political activity in such community through community centers, sports fields, dancehalls, and so on. During electoral times, parties often turned their electoral followings into violent political battlefields. Sometimes, violence between garrison constituencies was fueled with money and arms from the drug trade.

During the nineties however, politicians –especially from the opposition JLP party- have become less influential in their districts as the PNP government has imposed spending constraints and re-centralized economic resources. As a result, they have been increasingly unable to unite warring factions within communities, as they are perceived to deliver hollow electoral promises. In their place, local bosses or “dons” with direct ties to the drug business have stepped in to provide community leadership, paternally distributing jobs and money, and establishing protection rackets for the civilian population. As previously noted, many critics claim that these drug dons act as brokers of electoral votes to endorse the careers of local politicians in exchange of political protection and judicial immunity to their illegal activities. When asked about the volatility –or loyalty- of constituencies to specific political parties, Jamaican political scientists did not hesitate to say that there are no consolidated party strongholds, and districts tend to move fluidly to support a different party in each election.⁸¹ If this perception is confirmed by empirical findings, and electoral loyalties are indeed highly volatile, it would lend evidence to the claim that drug dons have become de facto political brokers, and they have the power to ensure the victories of political candidates of their own liking. {[verify patterns of electoral volatility at the parliamentary and local elections level]} {[similarly, verify the size and direction of the swing vote]}.

⁸¹ Personal Interviews. Edwin Jones and Ivanhoe Cruickshank. Professors of Political Science at UWI Mona. Kingston 12 January 2005.

The powerless nature of sub national government in Jamaica is a factor that has further contributed to the weakening of political parties at the local level, with the subsequent empowerment of drug dons. Despite constitutional provisions for decentralization, the central government has stifled the political and economic resources necessary to operate parish councils over the last decade. Policy continuity at the local level is also affected as elected politicians face shorter tenures in office -generally three years- than Members of Parliament. The re-centralization of government resources reinforced clientelistic networks by which selective government spending was targeted to party friendly constituencies.

As the Jamaican government has traditionally held the monopoly of political and economic resources by controlling executive appointments, the parliament and sub national government, the bureaucracy and the courts, the opposition has been left with a marginal role, both in terms of its policy making capacity and its ability to deliver constituency service. The advent of the drug trade in the early eighties has opened an illegal but quick and effective shortcut by which opposition MP's could gain access to drug money to perform "constituency services" in exchange of allegiance to the drug dons. Eventually, the same "quick fix" mechanism could appeal to government MP's whose ability to provide constituency services was also constrained by limited government spending.

In this logic, the gradual re-opening of political spaces for the opposition –i.e. decentralization- may provide "legal" venues for political influence. Not surprisingly, the party in power has stalled or delayed opposition attempts to reform the electoral system, or to devolve power to the sub national arena. During the nineties, the JLP has pushed for the adoption of a proportional representation (PR) electoral system, without obtaining a clear government response to this effect. However, municipal elections were held in 2002 -nearly after five years from the original proposed date- giving twelve out of fourteen districts to the opposition JLP party. Thus, the opposition has won a significant and legal space to articulate policy demands and deliver services in their constituencies, given that political decentralization is followed with greater fiscal and administrative decentralization (Falleti).

Business and Labor Lobbies (to be completed)

The strength of business and labor union lobbies has been a permanent feature of the Jamaican political system. Business sectors and labor unions have been well institutionalized and closely dependent on government largesse, thus reflecting a quasi-corporate feature of the policymaking process. Traditionally, strong banking, bauxite, and some exporting lobbies -closely associated with the governing coalition- have successfully bargained for preferential government treatment. The Government's vulnerability to such lobbies can be observed in the adoption of tax shelters, subsidies and direct transferences as in the case of the 1997 banking bailout. The Government has also been unable to impose costs of adjustment on the well organized. Recent corruption scandals such as that of Air Jamaica, illustrate how business connections with the political sphere can be instrumental for obtaining government favors or at least impunity to illegal behavior. In recent years however, the banking business lobby has become more subtle and sophisticated in its demands, partly because domestic bankers are counterbalanced by the new presence and policy agendas from foreign bank owners.

The labor unions, traditionally strong and very influential in the policymaking process, have more recently retrenched from its activist role, partly due to internal conflicts but partly due to its eroding organized membership. Since February 2002, labor unions and the government have signed a 3-year “Partners for Progress” agreement to limit government lay offs, freeze wages increases, and stop new hirings.⁸² According to Ivanhoe Cruickshank, there is a weakening influence of labor unions on the policies adopted by parties and vice versa. In fact, one of the JLP labor union leaders recently lead CARICOM talks despite the formal party opposition to regional integration.

Conclusions

⁸² On January 12, 2005, the house passed a 20% minimum wage increase, way ahead of inflation, and exceeding the technical recommendations of PIOJ, etc. an independent body (technical) comes up with the govt recommendation for wage increases. However, there is a 5% cap on wage increases at all levels.

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