

## Chapter 38

# The Institutional Imperatives of Local Economic Governance: Lessons from a Small Island Developing State

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### ABSTRACT

*In Jamaica, a “new” local governance framework comprises a federated system of development committees (community development committees [CDCs], development area committees [DACs], and parish development committees [PDCs]) purportedly working in partnership with local authorities. Local governance is thus premised on the idea that utilization of local skills, knowledge, assets, and initiatives will lead to economic transformation. Focus has also shifted to micro, small and medium enterprises (MSMEs), given their local embeddedness and potential to foster local economic growth. This chapter investigates the extent to which local economic development (LED) model implementation is supported by appropriate governance structures. It argues that implementation of an LED model represents a decisive shift from local governance to local economic governance, which currently lacks a cohesive policy framework. The consequent effect is nothing more than atomized organizational actions that engender competition among localities and communities rather than a clear growth strategy at the local level.*

### INTRODUCTION

From reading the leading regional newspapers, there can be little doubt that a major topic on the minds of Caribbean policy leaders is the state of Caribbean development. Indeed, the so-called “wicked problems”, combined with complexities of small size that further exacerbate the extent of integration into the global economy and levels of public debt, have challenged the economic growth agenda for most of the post-independence period for the majority of small island developing states (SIDs) in the region. An article in the *Jamaica Observer* of November 10, 2013 attributes the following view of the state of Caribbean economies to Dr. Kenneth Anthony, Prime Minister of St. Lucia:

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*(T)he Caribbean is experiencing ‘a tragedy of the times’, on account of governments being engaged in one form or another of self-denial while the Caribbean remains in the throes of a major crisis like it has never ever experienced before... the spectre of evolving into failed societies is no longer a subject of imagination...how our societies crawl out of this vicious vortex of persistent low growth, crippling debt, huge fiscal deficits and high unemployment is the single most important question facing us at this time...a grave economic crisis is gnawing away at Caribbean countries while governments are busy looking inward – each busy with their own agenda rather than pursuing a Caribbean solution to the economic crisis. (jamaicaobserver.com)*

As leader of a political administration and past legal advisor to the Caribbean Community (CARICOM), the Prime Minister’s position makes him a legitimate bearer of the facts, however unsavoury. Furthermore, regional academic and policy discourses lend support to his views (Bernal, 2000; Briguglio, Persaud, & Stern, 2005; Hall & Benn, 2003; Payne & Sutton, 2001; UNECLAC, 2005; World Bank, 2005).

A 2012 ECLAC-AFD study on patterns of Caribbean development highlighted the region’s search for an appropriate development model, even after decades of experimenting with approaches that run the gamut from “industrialization by invitation”, transfer of technology, diversification of the economies, to promotion of regional integration. Increased incomes in some countries reflect significant socio-economic gains, but the ECLAC-AFD study found that these countries are threatened by low productivity, low levels of competitiveness in certain productive sectors, fiscal and debt crises, natural disasters, and climate change. Further, up until the 1980s some economies relied on agriculture as the basis of their economic strategy, but following the loss of their preferential status as primary exporters to Europe, they have had to make the transition to tourism and offshore financial services as sources of income. The study concluded that “a lack of sustained growth in per capita incomes ... makes it difficult to lift a large enough segment of the population out of poverty” (p. 8). The economic profile of Caribbean economies is shown in Table 1. Annual growth rates have fluctuated but have remained below world trends for the most part.

The ECLAC-AFD study highlighted the need for the Caribbean to adopt a new development strategy if the region is to successfully confront its social challenges and lessen the economic divide between the region and other rapidly improving economies of the world (p. 18).

For Jamaica, the focus of this chapter, a development path has been articulated in the Vision 2030 Jamaica National Development Plan (JNDP), the designated roadmap to “sustainable prosperity”. The catchphrase “*Jamaica, the place of choice to live, work, raise families, and do business*” encapsulates the philosophy that underpins a mission to transform the country from middle income status to “one which affords its citizens a high quality of life and world-class standards in critical areas including education, health care, nutrition, basic amenities, access to environmental goods and services, civility and social order” (JNDP, p. XX11). Vision 2030 sets the parameters for sectoral and institutional reform initiatives, exemplars of which are the attempts to reshape the subnational sphere to create a context conducive to economic transformation of both people and places.

A number of reforms in the public sector had preceded Vision 2030. Local government reform since 1993 has sought to strengthen the democratic ethos and create a context for empowered citizenry and communities. Aligned to local government reform is a federated system of development committees – community development committees (CDCs), development area committees (DACs) and parish development committees (PDCs) – purportedly working in partnership with local authorities to establish a new

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