

Chapter 3

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

Table 1. Economic profile of Caribbean

Country	Population	Total Area (km²)	Type of Economy
Anguilla	15,358	91	Consumer Service Export (Tourism)
Antigua and Barbuda	88,710	443	Consumer Service Export (Tourism)
The Bahamas	342,877	13,940	Consumer Service Export (Tourism)
Barbados	273,331	430	Consumer Service Export (Tourism)
Belize	307,000	22,966	Goods Export (Agricultural products and oil)
Dominica	67,757	751	Consumer Service Export (Tourism)
Grenada	104,487	344	Consumer Service Export (Tourism)
Guyana	754,493	214,970	Mixed – Goods Export/ Consumer Service Export (Tourism)
Jamaica	2,741,052	10,991	Mixed – Goods Export/ Consumer Service Export (Tourism)
Montserrat	5,934	40	Consumer Service Export (Tourism)
Saint Kitts and Nevis	52,402	230	Consumer Service Export (Tourism)
Saint Lucia	174,267	617	Consumer Service Export (Tourism)
Saint Vincent / Grenadines	109,333	389	Consumer Service Export (Tourism)
Suriname	524,636	163,270	Mixed – Goods Export (Energy and bauxite/ alumina)
Trinidad and Tobago	1,341,465	5,130	Goods Export (Energy)

(ECLAC-AFD, 2012, p. 8)

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