

***ECONOMIC AND POLITICAL GOVERNANCE:
A NEW VIEW FROM ST. KITTS AND NEVIS***

By

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"Political and economic institutions are often evaluated by their ability to structure micro-level incentives to be in agreement with macro-level goals (Thomas C. Schelling, 1978; Ken Kollman, John H. Miller, and Scott E. Page, 1997). Political institutions try, also, to direct changes to accommodate multiple goals and objectives (Robert Axelrod and Scott Bennett, 1993). In the direction of those multiple goals and objectives, the political directorate will always try to orient themselves such that they will achieve the maximum level of utility from the changes that they institute.

In this paper, *Economic and Political Governance: A New View From St. Kitts and Nevis*, we will illustrate some examples of economic and political governance in the State of St. Kitts-Nevis from 1995 to the present. We will discuss some examples of the new thrust in economic and political governance. We will argue that the new government in St. Kitts and Nevis is structuring strategies and incentives to accommodate goals and to achieve objectives, and from these goals and objectives, the State hopes to advance its long-term survival. Our contention is *that the economic and political governance* of the State of St. Kitts and Nevis is a new paradigm in the political economy of the State. We illustrate the features leading up to the new paradigmatic shift in the economic and political governance by focusing on some dialogue that the State has developed with some key participants in the economy.

In November, 1993, the General Election in St. Kitts and Nevis ended with the St. Kitts-Nevis Labour Party (SKNLP) and the Peoples Action Movement (PAM) each winning four seats in the House of Assembly in St. Kitts. In Nevis, the Concerned Citizens Movement (CCM) obtained two seats, and the Nevis Reformation Party (NRP) obtained one seat. In the eleven-member House of Assembly there was no clear-cut seat majority between the two dominant parties. Of critical importance, however, was the fact that the SKNLP obtained 8,405 popular votes versus 6,449 popular votes for PAM in St. Kitts. A total of 15,504 votes were cast in St. Kitts. This meant that SKNLP obtained 54.21% of the popular votes while PAM obtained 41.60% of the popular votes. In Nevis, 3,752 votes were cast. The constitution of St. Kitts and Nevis does not permit for decisions based on a plurality of votes. However, popular sentiment was such that many leaders of the Labour Party **plus many other concerned citizens of the State** felt that PAM should have called another election to resolve the indecisive vote. The resolution of the indecision was necessary given the fact that, initially, none of the two parties in Nevis wanted to align themselves with the parties in St. Kitts. Subsequently, the NRP did align itself with PAM.

The alignment of the PAM and the NRP was seen as a political affront to many persons in the State, especially to strong Labour supporters. This alignment was the cause for great consternation in St. Kitts. People took the streets. St. Kitts was engulfed in a series of protest marches. The churches, both traditional and non-traditional, sought to bring the protesting parties and the PAM-created government to the bargaining table.

The private sector organizations, especially the St. Kitts-Nevis Chamber of Industry and Commerce and other professional bodies, were actively involved in developing dialogue between and among the interested parties. After a series of meetings in the State, culminating with a meeting at Four-Seasons Hotel in Nevis, an agreement was struck, shortly titled **The Four-Season's Accord**, in which the PAM, the SKNLP, the Churches and the Chamber of Industry and Commerce *agreed* that elections should be called within two years. This was a hard fought victory for the people of St. Kitts, but especially for the St. Kitts-Nevis Labour Party.

In July 1995, after the agreed-to General Election in the State, the St. Kitts-Nevis Labour Party emerged victorious with a landslide victory of seven of the eight seats in St. Kitts. In Nevis, the status quo ante was maintained: CCM won two seats and the Nevis Reformation Party won one seat. With the SKNLP ascendancy to power, the political strategists of the SKNLP decided to put in place **strategies to consolidate their power, to chart a new course of economic and political governance, and to dialogue with the private sector.** Out of these new changes, the developments in St. Kitts and Nevis seemed to be linked to a greater **spirit of stakeholdership in the society.**

CONSOLIDATION OF POWER

The first thrust in the new economic and political governance was a strategy aimed at consolidating power. At the outset, key personnel of the Labour Party decided to establish a positive climate in the State for attracting and retaining local businesses. (*More about this later*). Public administrators were encouraged to improve communications between the public sector and the private sector, to respond quickly to the needs of the private sector, while recognizing the importance of their support among the people who elected them to office. It was implicitly understood that if collaborative ventures are to be instituted and to be successful, that the public and private sectors will need new approaches to work together, that there will have to be greater levels of flexibility, and that greater degrees of adaptability would have to be instituted.

One of the outcomes of the 1995 General Elections was the fact that the parties in Nevis, the Nevis Reformation Party and the Concerned Citizens Movement, developed the perception that they were now tantamount to peripheral bystanders in the State's political decision-making. This perception of peripheral bystanders lead the CCM, the governing party in the Nevis local government, to a rush to judgement whereby CCM opted to seek secession, as is constitutionally guaranteed to them, under **Article 113 of The St. Christopher and Nevis Constitution Order, 1983**, short-titled the **1983 Independence Constitution.**

The Government of the State of St. Kitts and Nevis, under the leadership of Dr. Denzil Douglas, maintained, all along, that Nevis is free to pursue its own course of events. However, it was his Government's view that the Federal Government had the authority to operate in all aspects of political and economic development of the State. In this regard, the Federal Government opened a Federal office in Nevis. The idea behind the Federal office was to have a place where leaders from the Federal Government could meet members of the Nevisian public to dialogue on issues confronting the State. The principal ideas were (1): to pursue greater degrees of cooperation between the peoples of Nevis and the peoples of St. Kitts; (2) to consolidate linkages; (3) to further dialogue

between the State Government and the Nevis Island Administration, and (4) to regularize laws in the area of off-shore investments in both member units of the Federal government.

The issue of investment laws regularization is worthy of further exploration. Over the course of some time, the Nevis Island Administration was, on its own, attempting to set up laws to attract off-shore investments in the area of banking, gaming, equities and other ancillary areas. The laws that were being developed in Nevis were not compatible with the laws of the Federal Government. Since the Federal Government must answer, in the final analysis, to any transgression of the laws of the State, the new Labour Administration put forwarded the view that all offshore investment laws should be regularized. The members of the Concerned Citizens Movement of Nevis interpreted the Federal office and the regularization of the investment laws as a Federal Government intrusion in the affairs of the local government of Nevis. In fact, as was popularly noted by some commentators, the Federal Government was in competition with the local government of Nevis. It is important to note that this amalgam of Federal Government and local government is an anachronistic political convenience created by the PAM and the NRP to prevent the SKNLP from returning to power in 1980. The coalition government that was formed in 1980 was a coalition of convenience. There is a Federal Government of St. Kitts and Nevis. There is a local government in Nevis. ***There is no local government in St. Kitts.*** Hence, when the Nevis Island political leaders indicate that the Federal Government is intruding in the affairs of Nevis, they are explicitly indicating that the government in St. Kitts is interfering in the affairs of Nevis. From a geographical point of view, there are two islands: one is called St. Kitts and one is called Nevis. However, from a political point of view, **there is only one State called St. Kitts and Nevis.**

The Concerned Citizens Movement, CCM, issued an undated document entitled ***The Way Forward for the Island of Nevis.*** In that document the CCM purported to show why secession was its option. The Government of St. Kitts and Nevis response was to encourage dialogue on the issues involved and also to encourage a rethinking of the constitutional impediments through the mechanism of constitutional reform. CCM wanted no part of the constitutional reform, even though the leadership once entertained such a position. It is important to note that secession was never an open issue when the PAM was in power. Secession seems always to be an issue when the St. Kitts Nevis Labour party is in power.

The new Labour Party's view on the issue of secession is absolutely clear, as the Prime Minister detailed in his 1998 Budget Address (pp.57-58: 127-128):

In respect of the issue of the secession of Nevis, we (The St. Kitts-Nevis Labour Party Government) believe that, while it is the right of the people of Nevis to sever ties with St. Kitts if they so desire, a decision should be based on a clear perspective of the relevant issues and of the options available to the people of Nevis. In particular, we still believe that it would be in the interest of the people to see whether or not a new constitution could address their concerns before they proceed with a radical step that is obviously a major source of concern to the international and regional community, and (that) would be extremely costly to our people.

As for my Government, we have not heard of any concerns raised by the Nevis Island Administration that could not be addressed through a new constitution; and while we stand ready to respect whatever decision is made by the people of Nevis, we would like to see, in the near future, a Constitution that provides for two essentially autonomous entities under a single flag. In this way, I believe that the two islands can build on the strong family and friendship bonds between the residents of the respective islands, exploit numerous synergies and benefits that could be derived from working together in unity, and avoid duplicating the huge costs associated with the trappings of sovereignty. (1998 Budget Address, p. 58: 128).

NEW COURSE OF POLITICAL GOVERNANCE

The new Labour Party government's new course of political governance and change are best exemplified in the words of the Prime Minister in two salient documents, among others. First, in the *St. Christopher and Nevis 1998 Budget Address*, delivered on Wednesday 17, 1998, the Prime Minister said:

... (My) Government's programme of change includes the revamping of old, inefficient systems of administration and replacing them with modern systems that are relevant to the needs of a progressive independent country, promoting efficiency and effectiveness in administration, and making greater use of the current advances in technology. (1998 Budget Address, p. 55:123.)

The Prime Minister also commented on the Commission of Enquiry, which was set up in 1997, with specific charges. The Prime Minister noted:

I must also point out that we see the Commission of Enquiry that was set up earlier this year (1997) as an important instrument of change. We have introduced legislation in respect of the Integrity in Public Life, and we expect that the report of the Commission of Enquiry will not only identify wrongdoing but will also include strong recommendations for putting in place appropriate mechanisms to prevent corruption and abuse of public office. As I indicated in my Independence Day Address (September 19), we also believe that bringing the truth before the people of St. Kitts and Nevis, can only set the stage for better relations and national cohesiveness in the future. Unity and accord brought about by covering up the truth or by deception and misinformation could only be fragile at best, and is not likely to last for any prolonged period. (1998 Budget Address, pp. 56-57: 125)

The Commission of Enquiry has as its sole Commissioner, Professor Dr. Randy Williams, of Dominica, a well-known and respected jurist who resides and practices law in Jamaica.

Amidst all of the new changes and developments in the State, the issue of secession never waned. It got to such a fever pitch that the parties in Nevis were sparring

all over the State, in the UVSI, and everywhere where there were Nevisians gathered to hear and voice their opinion on secession.

The issue of secession took such an ominous turn of events that the leaders of CARICOM urged that there be reasoned dialogue between the Federal Government of St. Kitts and Nevis and the Nevis Island Administration. To this end, a team of eminent Caribbean experts held a series of discussions with the principals of the Federal Government and the members of the Nevis Island Administration. A report was prepared by the eminent Caribbean experts in which they urged dialogue between the Federal Government and the Nevis Island Administration, and in which they suggested a role Nevis should play to avoid the fragmentation of the State of St. Kitts and Nevis. Objectively, the Nevis Island Administration was not interested in dialogue except dialogue along the lines of secession. Nevis did not accept the report that was prepared by three eminent Caribbean experts.

Arising out of the eminent persons' report was a directive that there be a Constitutional Commission to get the views of nationals of St. Kitts and Nevis (at home and abroad) regarding reform of any aspect of the current constitution (1983). Any ideas that nationals thought were worthy of inclusion in the constitution were to be included in the Commission's Report.

The St. Kitts-Nevis Constitutional Commission is headquartered in Basseterre, St. Kitts. Members include Sir Fred Phillips, Chairman, Mr. John Reginal Dumas and Dr. Kenneth Rattray, Q.C. Counsel to the Commission is Attorney Lee L. Moore. Secretary to the Commission is Attorney Deborah Brooks-Mangan.

The Commission, while comprised of three members, can legally sit with two members. Sir Fred served as Administrator of St. Kitts-Nevis-Anguilla and as the first Governor of that State in the late 1960's. He is a Vincentian by birth. Reginal Dumas, a Tobagonian by birth, served as Ambassador of Trinidad and Tobago to several countries, including the USA. He was based in Washington, D.C. Dr. Kenneth Rattray, a Jamaican by birth, is the Solicitor General of Jamaica, and has been so for the past 25 years.

The three members, eminent Caribbean persons all, were appointed by the Governor General of St. Kitts and Nevis, Sir Cuthbert Sebastian. The Commission is not a St. Kitts and Nevis Commission. It is a CARICOM Commission. The absence of Nevisian representatives on the Commission is due to the Nevis Island Administrators reluctance to take part in the Commission for fear that their involvement would suggest that they acquiesced to the Constitution Commission's terms of reference. (This last point was a response to a question from the audience at a Constitution Commission meeting in the St. Croix, USVI, on May 5th, 1998).

The terms of reference of the Commission are: (Letter from Secretary Mangan to me, April 22, 1998):

- (a) *To consider whether the provisions of the 1983 Independence Constitution (The St. Christopher and Nevis Constitution Order 1983) is such as to give expression to the normal relations between one unit of a federal entity and another*
- (b) *To review the existing constitutional arrangements in the country and to make recommendations as to the nature of any reforms deemed expedient; and*

- (c) *In particular, to examine all practicable bases of future relations between St. Kitts and Nevis, including that of separation under article 113 of the Constitution.*

NEW COURSE OF ECONOMIC GOVERNANCE.

Central to the new course of *economic governance* are the ideas embedded in a thrust of a Council of Economic Advisers, as the key point of development, and in Economic Summits as a means of communication with the private sector, the Trades and Labour Unions and the non-governmental organizations (NGOs). The communication with the private sector, the trade unions, other members of the private sector and professional groups, is oriented as communication among equal partners, equal *stakeholders*, in the decision making in the State.

Objectively, the new government seeks to institutionalize managerial techniques all across the State, to take leads in decision-making, and bring decisions to closure in less time than in the past. The Government has introduced some elements of change which are destined to have major impacts.

In the *1998 Budget Address*, Prime Minister Douglas notes:

A major element of my Government's Agenda for change has been the elimination of social inequities and the inclusion of all citizens in the process of economic development. In this regard, we successfully introduced a Short-Term Work Experience Programme which transformed the lives of over 1200 young people, many of whom had been unemployed for many years, and instilled in them much of the skills, knowledge and attitudes that they require to secure for themselves permanent places in the work force. Indeed, the vast majority of them are now permanently employed. (1998 Budget Address, p. 1-2:3-4).

Another example of the change of the new Government is its move to rapidly construct 1,000 affordable turnkey homes for the many underprivileged and poor citizens of the State. The New National Housing Trust is charged with the implementation of this housing thrust in the change and transformation that the Government seeks to institutionalize. In a country where there is a critical housing shortage for the underprivileged, this policy of the Government is destined to go a long way to resolve the shortage in the housing stock, and simultaneously to endear the Government to those who desperately need to benefit from shelter.

The Council of Economic Advisers, of which I am Chairman, is a Council comprised of members from the public sector, private sector, Trade Unions and non-governmental organizations (NGOs). The Council's principal focus is to develop dialogue among all of the social partners in the State, evaluate economic development in the State, make suggestions and anticipate what may or may not impact on the economic development of the State.

In the words of Prime Minister Denzil Douglas,

The St. Kitts and Nevis Economic Council of Economic Advisers is comprised of a cross-section of persons from the Trades Union, the private sector, Non-Governmental Organizations (NGOs) and the public sector. The rationale behind

this selection is to enable a unified approach to decision-making in the State, a point of view that is pivotal in the guiding principles of my Administration.

*Today, (he continued), we in this part of the world have to learn to interface collectively. We are, after all, in the same boat. It is more advantageous for us to row the boat, in a concerted effort, to combat the waves of pessimism, and arrive at the shores of progress, rather than succumb to the waves and drown in the seas of negativism and a lack of unified spirit of Kittitians and Nevisians...
... (Prime Minister's Address to St. Kitts and Nevis Council of Economic Advisers, February 22, 1997).*

The Prime Minister was very clear in his Economic Council Address where he saw political developments going in the State. He noted:

We need to strike a balance in our approach to work and cooperation in this nation of ours; (we need a balance) that preserves our fundamental rights to agree, to disagree and, ultimately, to develop a consensus of where we want to go as a people.

From the inception of my Government, it has been our view that there will be dialogue in the society. There will be dialogue between the private sector and us. There will be dialogue between the Non-Governmental Organizations and us. There will be dialogue between the Trades and Labour Union and us. There will be dialogue between the Church and us. In essence, there will be dialogue between the many interest groups in this Nation of ours... (Prime Minister's Address to Council...).

To date, the St. Kitts and Nevis Council of Economic Advisers is the only one of its kind in the Caribbean. While the Council functions as a think tank on issues in the nation, it is not a cheerleader' group for government's policies. Suggestions from the Council are *ad referendum* to the economic/political policies of the State. The Prime Minister was very clear, from an economic governance point of view, on what he hoped to achieved from the Council and why he wanted his Administration to put in place actions for the people of the State. He stated:

(This) initiative of my Government, this Council of Economic Advisers, is designed to permit my government the ability to have access to information in a readily, usable, user-friendly manner.

As we seek to demarcate the contours of the relationships between ourselves in government and other interested parties in St. Kitts and Nevis, we recognize that an institution such as the Council of Economic Advisers will assist us in developing the levels of accountability that we have set as our task in this our first term of office. Our objective throughout the government is to develop greater degrees of managerial effectiveness. Governments, and systems such as ours, tend to be associated with managerial obsolescence. If we are to confront the 21st

century with any sense of urgency, we have to, as a matter of record, seek to improve the quality of service to the people, provide quality programmes, and develop quantitative targets, set clear goals and then measure our performance against the target and the goals that we set. (Prime Minister's Address to the Council...)

Politicians, today, must recognize the political environment in which they find themselves. This is doubly important when the politicians are new to the art and science of politics. In the case of St. Kitts and Nevis, the members of the Government are in political governance for the first time. Policy decisions profoundly affect what gets done in a system. Power is of primordial importance in all political decision-making. The new administration recognizes this concept, hence through retreats and economic summits they have decided to further a new economic course.

One example of this new thrust was evident on February 27, 1997 when the Chamber of Industry and Commerce of St. Kitts and Nevis hosted an Economic Summit in Basseterre, St. Kitts. There were representatives from the Chamber of Industry and Commerce of St. Kitts and Nevis, the Trade Unions, the NGOs, and the Eastern Caribbean Central Bank.

The essence of the meeting centered on the view that by circumstance, history and treaty, the two islands of St. Kitts and Nevis are together. Participants agreed that there is need for a new style of policy-making, a need for data, a need for transparency in decision-making, and a need to have as many persons involved in the State's decision-making, as expediency and reality would dictate.

It was noted that in light of the multitudes of protocols namely, the World Trade Organization (WTO), the ACP Lome' Convention, the Free Trade Association of the Americas (FTAA), and the rest, there is a new ethos in international trade and policy-making. This suggests that small states, such as St. Kitts and Nevis and those in the OECS, should begin to establish the capacity to deal with international trade protocols. Even though fiscal exigencies are important in determining the level of involvement of a state, it is imperative that small states, in particular, ensure that, somehow or other, they are always represented in international fora where policies are made and where policies are impacting on their developmental prospects and alternatives.

The leaders of new Labour Government is cognizant of the fact that they have to operate locally but think internationally. While they develop policies to interface with the private sector, they are one and the same time mindful of the implications of the protocols that are regional in scope and importance. As such, the government is supportive of the policies emanating from the Joint Meeting of the Negotiating Working Groups of the Regional Negotiating Machinery of CARICOM. The Meeting held in Kingston, Jamaica, July 2-22, 1997, listed a number of studies that are critical to individual economies and regional economies as the region moves to a CARICOM Single Market and Economy in 1999. Among these studies are:

1. Preparing the Caribbean for joining the FTAA
2. The Commodity Protocols and Other Commodity Arrangements (not including the Sugar Protocols)
3. The Scope for Redesigning the ACP/EU Convention to meet the changing circumstance

4. Haiti's Participation in the FTAA and Post-Lome arrangements: special circumstances and needs
5. The Special interests of the OECS members and how these can be performed in Post-Lome IV and the FTAA Negotiations
6. The World Trade Organization and its impact on the Region.

The new Labour Government recognizes that its presence at regional and international meetings is critical if it is to deliver on its promise to, in the words of the Prime Minister, "...pursue a path of change, modernization and development." (*Prime Minister's 1998 Budget Address*, p.1: 2)

The new Labour Administration has regular weekly Cabinet meetings wherein members are to given an opportunity to give an account of their stewardship. Two salient features are worthy of note on this issue. The first feature stems from the another quotation from the Prime Minister's Address to the Council of Economic Advisers when he said:

Let us pledge ourselves to develop a strategy to talk with one another, not to talk to each other. We are, after all, at ground zero. Our language must complement each other and seek to reinforce growth in all of us. History is a good teacher. But, (history) can be a fine student if we learn from it. (Prime Minister's Address to Council of Economic Advisers...).

The Cabinet meetings, from all reports, are times where the government seeks to put into effect some of the critical and pivotal promises of the **Manifesto**. One of the outcomes of this Cabinet dialogue was a **Retreat** in 1997 when the Government Ministers met and evaluated what they had achieved, where they wanted to go, and how they plan where they want to go. There were members from the private sector, past politicians, a moderator, politicians from a regional Caribbean country, the political directorate of the Labour Party, and other invited regional experts skilled in conducting retreats. The Retreat's principal objective was for members of government to evaluate their stewardship, like they do in Cabinet. More importantly, members were encouraged to speak frankly and openly on the state of the State and what strategies should be implemented to ensure that the **Manifesto** be the principal guiding light that it is intended to be. This managerial approach to retreats and the implications for economic and political governance is for the retreats to occur every two years in the new Labour Administration. This movement in the institutionalize retreats is a development that is a first in the economic and political governance of St. Kitts and Nevis.

GREATER DIALOGUE WITH THE PRIVATE SECTOR

In the past political regime of the State of St. Kitts and Nevis, there seemed to have been an unwritten code that the private sector was the handmaiden of the public sector. In retrospect, the honeymoon period may have lasted for only the first two terms of the PAM/NRP, PAM regime. Towards the latter part of PAM's fifteen years in office,

there seemed to have been a breakdown in the dialogue between the public sector and the private sector.

When the Labour Party formed the new government in June 1995, it set about to increase the dialogue with the private sector. In addition to the Economic Council and the Summit, mentioned above, there were weekly meetings between some members of the Executives of the Private Sector and members of the Public Sector. The essence of those meetings was clearly delineated in the Summit, mentioned above. National unity was to be a watchword in the State. Patience had to be exercised in the development of policies for political change. Political tribalism in the State had to be reduced or eliminated. A greater investor-friendly atmosphere had to be encouraged, and the State had to minimize its economic **crowding-out effect** of the private sector in the market place, particularly in those areas where the private sector may be in a better position to deliver goods and services to the public.

The essence of the increased dialogue with the public sector, the substance of the plans of the **Manifesto of the Labour Party**, and my discussions with the decision-makers of the Government were pivotal in guiding me in my thoughts as Chairman of the Council of Economic Advisers. In my acceptance address, as Chairman of the Council of Economic Advisers, I noted that I detected that the Administration's new view centered on:

The creation of a dynamic environment for growth, the development of a skilled, productive and technologically-aware work force, an environment conducive to business growth, a climate promoting effective governance and a sound rapport with the private sector and other stakeholders...

To date, the Government and the private sector still continue to dialogue. The Prime Minister is very clear that dialogue must go on. He, like many other concerned persons in the State, recognizes that the country belongs to all of the citizens at home and abroad. While the dialogue must continue, the Prime Minister is very clear nevertheless, where the decision-making must emanate. There is a reservoir of decision-making that resides in the political directorate. In my reading of that reservoir of the decision making, I said, in my acceptance address to the Council of Economic Advisers:

There is no doubt that the public and private sector would bring different perspectives (to bear on issues). (Both groups) would differ, as the questions that may be asked of the Government policies may differ from what was intended. It is my hope, I noted, that as (the Government and the private sector) synthesize (their) thinking and subsume (their) philosophical divides for the common good, (they) would let the collective good rise to the surface and approach solutions of the Nation's problems as if those problems are common problems (to the private sector and the public sector).

Thus far, the new Labour Government has been particularly clear in acknowledging the importance of the need for dialogue with the private sector. But equally important, the Prime Minister is very clear that his government has the responsibility to initiate decisions and to be held accountable for its actions. In launching the Council of Economic Advisers he acknowledged the role of planning in the economy. He said:

Those who planned in the past planned with the tools and limitations they had. We want to acknowledge them for their contributions. Today, however, we have to go on to a higher level. We must now take planning and policy implementation to a higher level of endeavour. We cannot plan, effectively, if we do not have clear visions of the tools required for planning.

It is important, nevertheless, to bear in mind that (in all the planning and decision-making) the fulcrum of authority rests with my Government. We are, in the final analysis, the ones who will be held accountable for whatever (takes place in the economy).

CONCLUSION: A SPIRIT OF STAKEHOLDERSHIP IN THE SOCIETY

In the assessment of any political and economic changes in any society or state, it is important to separate rhetoric from reality. In the present context the rule is no different. When we consider what has taken place in the State of St. Kitts and Nevis over the last three years, that is from July, 1995, to the present, we observe much economic and political reality and the usual rhetoric. On balance, however, the reality of change has outweighed the rhetoric of change.

The reality of more dialogue between the new Labour Administration and the private sector is a fact. The reality of more and better houses for the underprivileged is a fact. The reality of greater accountability in the society is a fact. The reality of a move to resolve the Nevis issue vis-à-vis greater autonomy or secession/independence is a fact. Hence, one can contend, like Schelling (1978), Kollman, Miller and Page, (1977), that the political and economic institutions of the State of St Kitts could now be properly evaluated by their ability to structure micro-level incentives to be in agreement with macro-level goals of the State. Furthermore, one could also argue in the vein of Axelrod and Bennett (1993), that the political institutions are trying to direct changes in the State to accommodate multiple goals and objectives. In a fundamental sense, it is our view that the evidence strongly suggests that the changes are meeting the goals and objectives.

There are still many problems to be resolved in the State. But, as many observers note, three years is a short time to redress many of the more fundamental deficiencies in the body economy and politics. It is clear, for instance, that drugs still pass through the country. But, it is equally clear is that the political directorate and or their families are no longer implicated in the drug trade, as was true in the previous regime. There is a greater civility in the system now where credit is given to the previous regime for some of the programmes that they started. This was particularly obvious when in June, 1997, Prime Minister Denzil Douglas publicly acknowledged former Prime Minister Simmonds for his foresight in starting Port Zante, the Caribbean region's most modern cruseship port facilities in the Basseterre roadstead. This public acknowledgement of one current Prime Minister of the efforts of a past Prime Minister is a far cry from what obtained in the past. In the past, regimes, which came into office never, acknowledged that their predecessors did any good. Too often, programmes started by one regime were not continued or credit for the started programmes was appropriated by the sitting regime.

Some members of the private sector are not too enamoured with the fact that the Government is in the business of building houses. They believe that that business of housing construction should be left to the private sector. However, here too, the jury is out. The same members of the private sector, who are not in favour of Government **crowding-out** the private sector for a sharing of the capital in the economy, are in fundamental agreement that the underprivileged need to be better housed. On this score, the fact that the funds for the housing construction were borrowed from the **Social Security Board (SSB)** is a fact that is not generally respected by many persons in the private sector and some persons in the public sector. But here, too, the government is on solid grounds in its economic and political governance.

In the *Fifth Actuarial Review*, conducted by the internationally well known and well-respected UN sponsored, Francisco R. Bayo, two of his conclusions are most revealing:

- 1. The Social Security Board (SSB) is actuarially sound. Contribution rates will be enough to finance the current benefits structure for the next ten years and probably for the next five to six years more in the future.*
- 2. The attention given to investments of the SSB funds should be increased, taking into account the future speed and level of fund accumulation and the role that the SB can play in the development of St. Kitts and Nevis. (Bayo, 1997, p.43).*

In the context of the investment of SSB funds, Bayo notes that:

The projections in this Report (Fifth Actuarial Review) show that SSB funds will accumulate at annual rates of EC\$30 million or higher, that they will reach levels exceeding EC\$400 million around the turn of the Century, and exceeding EC\$650 million within the next ten years. These rates of increase and the level of funds are higher than SSB has experienced in the past. This Report recommends, therefore, that a high degree of attention be given by SSB to the investment of these funds. Its present Investment Committee should continue conducting studies to establish goals in the short, medium and long-term horizon.

The size of the funds and their continuous accumulation will make the SSB a powerful and influential institution in the economy of the Federation of St. Kitts and Nevis... The economic future of the Federation is in part in the hands of the SSB. Strategic planing of its investments is essential. (Bayo, 1997, pp. 41-42).

In the context of the discourse about the use of the Social Security funds, it is evident that the new economic and political changes of the government are predicated on a sound basis.

All factors considered, it is reasonable to conclude that over the last three years, that is from July 1995 to the present, the new Labour Government of the State of St. Kitts and Nevis has conducted a new thrust in economic and political governance that has changed the economic and political well-fare of a large number of persons in the State. It is this paper's contention that the thrust in economic and political governance represents a new paradigmatic shift from the past. Furthermore, it is this paper's contention that this

new paradigmatic shift could be seen as a means of the State institutionalizing its longevity based on a mapping and correspondence micro-level benefits and macro-levels goals. **This new system of economic and political governance is our objective interpretation of the core essentialities of the political and economic processes taking place in the State of St. Kitts and Nevis at this time.** There are still hurdles in the road to change. Some members of the previous regime still believe that they hold power. Sometimes, members of the current regime still act as if they are in the opposition. Time will be the agent of learning and healing. If the new economic and political governance is institutionalized, and if the parties and the people let dialogue transcend political parties and political boundaries, then the State of St. Kitts and Nevis should be on a road to a new paradigmatic transformation, economic growth, and economic development, *ceteris paribus*. **All of the State's stakeholders have an obligation to make the new thrust work.**

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