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I am submitting herewith a dissertation written by Maqsood U. Kadir entitled "The Political Economy of Underdevelopment in the Anglophone Caribbean 1960-1990." I have examined the final copy of this dissertation for form and content and recommend that it be accepted in partial fulfillment of the requirements for the degree of Doctor of Philosophy, with a major in Political Science.

Vernon R. Iredell, Major Professor

We have read this dissertation
and recommend its acceptance:

Accepted for the Council:

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# THE POLITICAL ECONOMY OF UNDERDEVELOPMENT IN THE ANGLOPHONE CARIBBEAN 1960-1990

A Dissertation

Presented for the

Doctor of Philosophy

Degree

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## DEDICATION

This dissertation is dedicated to my wife, Susan, from whom all good things in my life have come.

**ACKNOWLEDGEMENTS**

All praise is due to Allah.

I would like to thank Dr. Vernon Iredell for his unprecedented intellectual guidance in the preparation of this research. What I have learned from him will benefit me throughout my academic career. I am thankful to the other members of my research committee: Dr. Robert A. Gorman, Dr. Donald Clelland, and Dr. Yang Zong for their constructive criticism and academic suggestions and hope that they will continue to impart their knowledge to other graduate students. I would also like to thank my wife, Susan, for typing this dissertation.

**ABSTRACT**

The importance of economic systems to the developmental process in emerging nations has been crucial in diachronically formulating appropriate endogenous and exogenous policies by these nations to alleviate the subsistent existence of their populace. This dissertation, using a case study approach, is concerned with the dynamics of the relationship between economic systems and development in the Anglophone Caribbean. Some nations in this region sought through a radical re-ordering of their economic systems, alternative measures to achieve development. Jamaica, Grenada, and Guyana chose "pseudo-socialism" in place of "colonial-mercantilism" to alleviate poverty.

The research examines the experiences of each of these nations regarding improvements in the general well-being of their citizens before, during, and after the adoption of "pseudo-socialism." Development in this sense is taken to mean socio-economic and political advances beyond a subsistent standard. The major goal of such radicalism was the building of a new Caribbean, with positive economic growth, low unemployment and social amenities geared to meeting the needs of a rapidly expanding population.

In 1990, as the evidence gathered in this research indicates, "pseudo-socialism" and variations of "colonial-mercantilism" failed to improve the welfare of West Indians. At the same time, though, other Third World schemes, such as the East Asian nations, were successful in meeting the criterion of development well above the norms of Caribbean nations. The research argues that Caribbean nations may well succeed in their developmental efforts by adopting, as the East Asian states did, a "deeper" policy of an export-led economy, followed by intensive foreign investments.

The research concludes that amorphous internal dilemmas, such as fiscal policies and mismanaged macro-economic policies concomitant with the external problem of the size of these nations' economies account for the dynamics of underdevelopment. To alleviate these dilemmas, the research advocates a deepening and widening of the common market through economic integration and cooperation, enhanced by policies of collective self-reliance and controlled dependence. The end result would be the elimination of subsistent poverty.

## TABLE OF CONTENTS


| CHAPTER | | PAGE |
|---|---|---|
| I. | INTRODUCTION | 1 |
| | Theories of Development | 3 |
| | Indices of Development | 6 |
| | Limitation of the Study | 7 |
| | Outline of the Study | 8 |
| II. | THE ROAD TO SOCIALISM: A SOCIO-ECONOMIC AND POLITICAL ANALYSIS OF THE ANGLOPHONE CARIBBEAN | 10 |
| | The Preconditions to Change | 10 |
| | The United States and Cuba in the Caribbean 1950-1970 | 25 |
| III. | THE DEVELOPMENT OF UNDERDEVELOPMENT: CAPITALISM AND SOCIALISM IN GRENADA | 33 |
| | Introduction | 33 |
| | Grenada: Capitalism and Development | 39 |
| | Grenada: Socialism and Development | 52 |
| | Socialism and Development: An Analysis of the Political Economy of the PRG 1979-1983 | 66 |
| | Conclusion | 85 |
| IV. | THE DEVELOPMENT OF UNDERDEVELOPMENT: CAPITALISM AND SOCIALISM IN JAMAICA | 89 |
| | Capitalist Development | |
| | The Colonial Period to 1930 | 89 |
| | The Formative Years 1930-1950 | 97 |
| | Capitalism and Development: Pre-Socialist/Post-Independence Period 1950-1972 | 106 |

Socialism and Development:
Analysis of the Socialist Period
1972 Onward.....120

Conclusion.....138

V. THE DEVELOPMENT OF UNDERDEVELOPMENT:
CAPITALISM AND SOCIALISN IN GUYANA.....140

Introduction.....140

Capitalism, Socialism, and Development
in Guyana 1950-1990.....147

Conclusion.....170

VI. POST-SOCIALIST DEVELOPMENT.....172

A Summary of the Findings.....172

The East Asian Experience: A Success Story.....183
An East Asian Comparison with the Caribbean...191

Why Underdevelopment Persist in the
Anglophone Caribbean.....198

A Proposal for Achieving Development
in the Anglophone Caribbean.....215

BIBLIOGRAPHY.....227

VITA.....254

## LIST OF TABLES


| TABLE | | PAGE |
|---|---|---|
| 2.1 | Selected Commonwealth Caribbean Countries Share of Total Trade with U.S. 1955-1970 | 26 |
| 2.2 | Caribbean Labor Force Employed in Agriculture 1950-1970 | 27 |
| 3.1 | Distribution of Employed Labor | 41 |
| 3.2 | Unemployment and Underemployment | 42 |
| 3.3 | Education: School Population for Selected Years | 43 |
| 3.4 | Grenada Gross Domestic Product (GDP) | 70 |
| 3.5 | Gross Domestic Investment 1980-1983 | 72 |
| 3.6 | Volume and Value Indexes and Earnings of Grenada's Principle Exports 1978-1983 | 73 |
| 3.7 | Grenada's Gross Domestic Product by Industrial Origin 1980-1983 | 75 |
| 3.8 | 1982 Grants and Foreign Loans | 76 |
| 3.9 | Major New Projects Undertaken by PRG | 76 |
| 3.10 | Cost of Projects Undertaken by PRG | 77 |
| 3.11 | Selected Health Indicators | 79 |
| 3.12 | Education: School Population for Selected Years | 80 |
| 4.1 | Jamaica: Foreign Ownership of the Main Economic Sectors of the Economy | 108 |
| 4.2 | Jamaica: Phases in Real Economic Growth | 109 |
| 4.3 | Growth of Population and Labor Force | 112 |
| 4.4 | Percentage Distribution of Gross Domestic Product by Economic Sectors | 115 |
| 4.5 | Official Rate of Unemployment | 129 |
| 4.6 | Food and Fuel Imports | 130 |

4.7 Levels of Imports, Exports, and Trade Balance 1972-1977.....132

4.8 Key Socio-Economic Indicators 1972-1976.....133

4.9 Bauxite World Market Share.....134

4.10 Foreign Capital Inflow.....135

4.11 Jamaican Economic Indicators For the Period 1972-1980.....139

5.1 Post-War Economic Growth: Guyana.....153

5.2 Index of Physical Output, Selected Indicators.....162

6.1 Gross Domestic Product (GDP) for Selected Caribbean Countries 1961-1982.....173

6.2 Post-War Economic Growth.....173

6.3 Unemployment Rates in the Caribbean Expressed as a Percent of Labor Force.....174

6.4 Economy Types, Major Trading Partners & Living Standards of Selected Caribbean Nations.....175

6.5 Socio-Economic Data for Selected Countries in the Caribbean Community.....176

6.6 Economic Performance, East Asian States 1989 U.S. Dollar (%).....186

6.7 Percentage of Industrial Output to Total Production.....186

6.8 Selected Economic Indicators for East Asian States.....187

6.9 Growth Rate of Gross Domestic Product Per Capita for Selected Caribbean and East Asian States.....192

6.10 Consumer Price Index for Selected Years, Caribbean and East Asian States.....192

6.11 Structure of Gross Domestic Product, Selected Caribbean Nations.....193

6.12 External Debt of Developing Countries.....194

6.13 Unemployment for Selected Countries in the Caribbean and East Asian Regions.....195

6.14 1987 Population, Selected Countries.....195

6.15 Vital Statistics Caribbean and East Asian States.....196

6.16 Income Distribution by Gini Coefficient East Asian and Caribbean States.....197

# CHAPTER I

## INTRODUCTION

To the casual observer, the English-speaking Caribbean[1] often represents little more than a stop-over in the pursuit of pleasure. But, lurking behind this stereotype portrayed by travel brochures is a people plagued by subsistent poverty, among whom the struggle for development--to attain a level of existence beyond this pervasive poverty--takes precedence.

There are no accepted geographic definitions of the Caribbean, but for the purpose of this study the region lies between longitude 59 degrees west and longitude 85 degrees west, latitude 10 degrees north and latitude 25 degrees north, stretching from the Bahamas to Trinidad and Tobago, approximately eight miles off the coast of Venezuela on the South American continent. This definition includes the enclaves of Belize, Guyana, French Guiana and Suriname (formerly Dutch Guiana). About twenty-two countries comprising islands of varying sizes and populations are to be

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[1]The word "Caribbean" can have several meanings. In the context of this research, "Caribbean" is defined by three concentric circles. These are: 1) the English-speaking Caribbean, 2) the Caribbean Archipelago, and 3) the Caribbean Basin. This research is concerned only with the English-speaking Caribbean islands and is represented by Jamaica, Guyana, and Grenada. In this discourse, the terms "Anglophone Caribbean" and "West Indies" are used interchangeably.

found in the region. Altogether, it possesses nearly thirty million inhabitants.

The English speaking Caribbean comprises the four relatively "more developed" nations of Barbados, Guyana, Jamaica, and Trinidad and Tobago and eight generally "less developed" nation-states, including Grenada. In recent years, events resonating in the region coupled with the geographic proximity of socialist Cuba have created interesting patterns of development and a compendium of theories intended to explain Third World development.

This dissertation deals with the socialist experiments carried out in Jamaica, Guyana, and Grenada. They have been chosen because they are the only three countries that made systematic attempts to apply socialism to development. These attempts took place in the following years:

(1) Grenada, 1979-1983

(2) Jamaica, 1972-1980

(3) Guyana, 1975-1979 (limited socialism)

(4) Guyana, 1979-present (post-nationalization socialism).

The word socialism can assume various meanings. From its Marxist interpretation, to the views expressed by German revisionists about socialism, to its British Fabian expressions, the gap between its theoretical and practical applications has been a source of much inquiry. In the Caribbean, for instance, democratic centralism, democratic

socialism, and cooperative socialism have been employed as philosophical variations of the parenthetical system "socialism." Here, political parties and leaders have adapted its philosophical meaning to suit their own purposes. Whether this is "true" socialism[2] or not is another question.

## Theories of Development

The theories of Adam Smith and David Ricardo relied on a distinct socio-economic system known as capitalism and the accumulation of capital to produce the wealth of nations (a concept roughly similar to the modern notion of "development"). For Smith, development depended on the introduction of technology to increase the ability of workers to produce surplus goods, thereby generating profits and investment capital.[3]

David Ricardo, in a similar way, viewed development as essentially an ongoing process and one in which capital is accumulated and, concomitantly, growth occurs.[4] Ricardo, like modern developmental theorists, especially those concerned with the problems of the Third World, believed the inability

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[2]"Socialism" and "pseudo-socialism" are used interchangeably in this research. The term pseudo-socialism is the preferred choice.

[3]Adam Smith, The Wealth of Nations (Hammondsworth: Penguin Books, 1976). See also G.M. Meier and R.E. Baldwin, Economic Development (New York: John Wiley and Sons, 1957).

[4]J.A. Schumpeter, History of Economic Analysis (New York: Oxford University Press, 1954).

of agrarian economies to develop was due to a lack of concentrated production of goods in which a country has a "comparative advantage."[5]

Recently, the notion of development has become more sophisticated, employing socio-political variables as well as economic ones. In general terms, the raising of a country's Gross National Product and changes in the fundamental infrastructure of the society can no longer be equated with development.[6] By and large, development has come to be equated with social welfare improvements, that is, improvements in the quality of life of the people and, more than anything else, the ability to produce social benefits for the people. Furthermore, some, like Myrdal, have noted that the economics of development are prone to be influenced by political conditions.[7] Also in recent years, complex models have been used to explain development.

One particularly influential formulation appeared in 1962 when W.W. Rostow published The Stages of Growth: A Non-Communist Manifesto. In it he placed each country in a hierarchial position along a development path. Rustow's stratification of ranking the development of states fell into the following categories:

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[5]David Ricardo, The Principles of Political Economy and Taxation (London: J.M. Dent, 1955), 1-27.

[6]Wilber Chenks, The Political Economy of Development and Underdevelopment (New York: Random House, 1978), 5-13.

[7]G. Myrdal, Asian Drama (New York: Pantheon Books, 1968).

(1) Traditional Society
(2) the Transitional Stage, precondition for take-off
(3) the Take-Off
(4) the drive to maturity
(5) the stage of high mass consumption[8]

In Rostow's analysis, for development to occur in poor countries, radical changes were required; these might include increases in international trade and indigenous entrepreneurial spirit. There must also be a subjective desire to transform society, and these poor countries must build a platform to facilitate take-off growth.[9]

The onslaught of the desire among Third World nations for alternative theoretical frameworks and, therefore, alternative developmental models in the late 1960s led to the evolution of the socialist model espousing a non-capitalist path to development.[10] The alleged success of the Cuban efforts at development led to the acceptance of this alternative by Third World nations. This model was viewed as a system which claimed to be based on Marxist economic philosophy, coupled with strong state control of all facets of production and a destratification of the population to ensure that control was

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[8]W.W. Rostow, The Stages of Growth: A Non-Communist Manifesto (Cambridge: Cambridge University Press, 1962), see entire book, especially Chapters 1-3.

[9]Ibid.

[10]The utility and merits of the non-capitalist path to development will be discussed in Chapter III of this research.

retained in the hands of the people.[11] It should be noted, however, that Marx seems to have assumed that, for the most part, the early stages of development would take place under capitalism. Thus, attributing this approach to him is somewhat problematic.

During the 1960s and 1970s, dependency theory became popular, especially among radical groups in the Third World espousing an anti-western stance. It argued that lack of "development resulted from dependent relations in trade, division of labor, investments and related economic arrangements."[12] It maintained that development in Third World nations is essentially a function of advanced capitalist nations and institutions.[13]

## Indices of Development

Several types of indicators of well-being will be used in this study. These range from Gross Domestic Product per capita to indicators of health services and health status, such as number of patients per hospital, number of inhabitants per physician, number of nurses per capital, and the infant

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[11]See, for instance, I. Vujacic, "Marx and Engels on Development and Underdevelopment: The Restoration of a Center Coherence" in The History of Political Economy 20 (1988): 471-498.

[12]Cliff Durand, "The Exhaustion of Development Socialism: Lessons from China" in Monthly Review 42 (December 1990): 8-19. For a detailed review of dependency theory, see Chilcote (1981) and Kay (1989).

[13]Ibid.

mortality rate. A group of indicators that measure participation in education and degrees of consumerism will be utilized. Some of these indicators include number of telephones, radios, newspapers, and vehicles per capital, all beyond the reach of the poorer class.

The level of development also will be measured in several more traditional ways. Measures of wealth, for example, per capita Gross National Product (GNP) will be utilized as a primary indicator of development. Using GNP per capita, though, has disadvantages: it offers no information on the distribution of wealth among sectors of the population, nor does it explain the skewness of industrial development within the nation. Therefore, Gross Domestic Product, income distribution, and levels of industrial productivity will also be used as indices of development.

An analysis of the agricultural sector in each country is important to this evaluation. Included will be a quantitative measure of labor force employed in this industry and changes that occurred over time in this sphere. In Chapter VI, I will apply the aforementioned indices to Jamaica, Guyana, and Grenada in comparing the success of capitalism and socialism in achieving development.

## Limitation of the Study

This attempt to rigorously study the utilization of the adoption of socialism as a catalyst in the developmental

processes of the nations of Guyana, Jamaica, and Grenada is hampered by basic technical trouble. Speaking generally, the most intractable matter encountered is data inadequacies. When dealing with the nation of Grenada, there is a paucity of valid data concerning the period prior to 1979. Data on traditional indicators of development in this nation were simply not kept. Regarding the Cooperative Republic of Guyana, similar problems are encountered. The entire period under study is plagued by data unavailability, especially on indicators of consumerism. These problems were not encountered with respect to development indicators for the nation of Jamaica.

## Outline of the Study

This dissertation will attempt to show that these three nations' experiments to achieve development by adopting socialism failed. Underdevelopment persisted partly because of mismanaged internal fiscal policies and corruption, coupled with ethnic animosity. In addition, to having small economies pegged to the international market, the states failed to achieve development because of their adamant refusal to allow private foreign investments. Future attempts at development, therefore, whether under socialism or capitalism, must be based on regional cooperation with nations espousing self-reliant policies advocated by controlled dependence.

Chapter II presents a general political and economic history of the region. In Chapters III, IV, and V, the socialist experiments in Grenada, Jamaica, and Guyana are each taken up in turn. Finally, Chapter VI summarizes the findings of the study, compares the Caribbean experience with the experience of four East Asian countries, and presents the author's own views as to how Caribbean development can best be pursued.

## CHAPTER II

## THE ROAD TO SOCIALISM: A SOCIO-ECONOMIC AND POLITICAL HISTORY OF THE ANGLOPHONE CARIBBEAN

### The Preconditions to Change

> Freedom is the expression of the creative in life. It is neither an inherent right nor a hard won value...lacking which there would be no evolution, no progress, no civilization, only primal chaos in permanence.
>
> Norman Manley

The discovery of the Caribbean in 1492 by Christopher Columbus for the Spanish empire marked the beginning of the long and arduous struggle against colonial domination by the peoples of the region. European powers of the fifteenth and sixteenth centuries were purely expansionist in nature. At first, the utilization of these newly discovered lands was relegated to the spread of religion, especially Catholicism, and the search for gold and silver. Conquest for plunder dominated the relationship.

The heinous exploitation and raping of these lands were coupled by a relentless and indiscriminate usage of indigenous labor for externally controlled production.[1] This inimical

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[1]The point is well articulated in Thomas D. Anderson, Geopolitics of the Caribbean (New York: Praeger Press, 1984), 89-96.

occupation by Spain not only marked the beginning of state-centrism, but its invectiveness would lay the foundation for later Caribbean revanchism.

The late sixteenth century witnessed the arrival of British and Dutch explorers in the region. The initial motive in the exploration of these lands by these two European powers was control of Latin American bullion shipments and trade as well as sugar production. They were met with a tempestuous violence. Consequently, England and Spain exchanged control of many of the islands several times. This pendulous process, although pejorative to the region, no doubt profoundly influenced the character of the modern Caribbean.

The economy of colonial West Indian society was based entirely on a single agricultural export crop--sugar.[2] The dependence on sugar created the impetus for the introduction of technology to the region which, in turn, shaped the developmental processes of the islands.[3] For the European powers this epoch was one of prosperity in which the region was celebrated for its economic wealth and strategic significance.[4]

A second major factor pertaining to colonialism and structural underdevelopment in the Caribbean has been the fact that these societies were built on forced immigration which

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[2]Morley Ayearst articulates this point in The British West Indies: The Search for Self-Government (New York: New York University Press, 1960), 12-20.

[3]Anderson, 89-96.

[4]Ibid., 97.

consisted primarily of African slaves and East Indian indentured servants.[5] The ruling class, which was made up of "a small white plantocracy that monopolized political and economic power,"[6] covertly worked to suppress the evolution of a unique West Indian society since their basic reason for being in the region was the extraction of profit. Broader development was, therefore, their least concern.

The genesis and interrelationship of these societies was contingent on exogenous forces and the internal dynamics of the eradication of the identity of large groups of people. Initially, the colonies adopted economic and socio-political infra-structures similar to those of their European counterparts. The most immediate effect was the further erosion of the development of a unique West Indian identity. Summarily, developing these nations into viable polities was, from the start, not even considered by the colonists. The basis of European expansionism in the western hemisphere was, as stated, economic benefits, the secondary intents being the modification of the indigenous culture and the establishment of western values.

In restructuring Caribbean society, the colonists first established the supremacy of the monarchy and reinforced its legality by establishing bureaucracies that encapsulated this

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[5]See John D. Forbes, Jamaica: Managing Political and Economic Change (London: The American Enterprise Institute for Public Policy Research, 1985), 5-7.

[6]Ibid., 6.

dictum. To a certain extent "every settler society had its exploitation."[7] From a colonial perspective, the legitimacy of this transitional supremacy relied on the extraction of sugar and suppression of the large slave population. The introduction in Caribbean society of this slave population led to the emergence of a unique colonial phenomenon. Very few Europeans had the large sums of money that were necessary for investments in the region. This led to the evolution of a highly structured but small elite class and a large labor population comprised mostly of the poor.[8] Today, this dilemma is still an integral part of the West Indian scene.

Governmental control was instituted by the Old Representative System[9]--one in which the every-day concerns of the islands were administered locally. The growing unrest of the late nineteenth century witnessed a transfer of control to Europe. This change was made to curtail any thoughts of autonomy and to institute limited self-rule.

According to Eric Williams: "For over four and a half centuries the West Indies have been the pawns of Europe and America...But in intellectual, as in political matters, the

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[7]See Franklin Knight, The Caribbean (New York: Oxford University Press, 1978), 56-57.

[8]See Eric Williams, From Columbus to Castro (London: Andre Deutsch, 1972), 1-37.

[9]The "Old Representative System" was bicameral; a section was elected by the property-holders, and the upper house was appointed by the governor.

Caribbean is a geographical expression."[10] The decline of the plantation era and the desire for greater self-rule in 1936 led:

> Jamaican expatriates in New York City [to found] the Jamaican Progressive League which was attributed to labor unrest throughout the British West Indies. In the mid-1930s Jamaica's first political party, The People's National Party, was formed under the leadership of Norman Manley.[11]

The Depression era of the 1930s created on the international scene a growing dissatisfaction and a hunger for change among Caribbean peoples. Destitution and poverty, want and decadence were the driving force. Economic systems, stagnated and unresponsive, became the fuel that jettisoned radical movements throughout the world. Out of this dilemma, Caribbean nationalism grew. From the beginning a violent but non-retributive spirit prevailed.

A distinctive feature of this spirit was numerous labor riots which erupted with force throughout the British West Indies. Characterized by falling sugar prices, high unemployment, poor real economic growth, and substandard living conditions, the people reacted.

> The Depression hit hard at the local export economies. Sugar prices fell. Wages almost disappeared; and the usual escape valve of emigrating to work rapidly closed as black Caribbean

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[10]Eric Williams, From Columbus to Castro: The History of the Caribbean 1492-1969 (London: Andre Deutsch Limited, 1970), Introduction.

[11]Franklin W. Knight, The Caribbean: The Genesis of a Fragmented Nationalism (New York: Oxford University Press, 1978), 179.

> laborers were forced to be dispensable and undesirable.[12]

In statistical terms this meant, for example, in Jamaica: "in 1935, at least 11 percent of the wage earning population were continuously unemployed."[13] The socio-economic deterioration prevalent during the Depression era was not only felt in Jamaica but touched all of the islands of the region. The common laborer in Trinidad depended on external sources for almost all of his food.[14] In Puerto Rico, similar tribulations existed.

> The average actual weekly earnings in 1935-36 were 3.75$ in the field and 6.78$ in the factory. The most common daily wage was in the $.75-.99 bracket; this was so for half of the field workers and one-third of the factory workers.[15]

These shocking socio-economic figures created an intense persistence of allometric revolutions. Eric Williams contends that in the islands:

> a faulty diet, heavy parasitic infestation and mothers debilitated by hookworm...created an infant mortality rate that was staggering. In Trinidad it was 120 per 1,000 live births.[16]

The Caribbean masses' emphatic reaction against these deplorable conditions erupted violently in riots, first in 1937 in Trinidad, and a year later to almost every island in

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[12]Eric Williams, 446.

[13]Ibid.

[14]Ibid.

[15]Ibid., 454.

[16]Ibid.

the Anglophone Caribbean. But, this was not only a reaction against the deprivation perpetrated on a people by British colonialism. To placate the masses, in a manner true to British elitism, each period of uprising was followed by a commission of inquiry that "sought the source of the grievance, and prescribed in [a manner] true [to] British Fabian social consciousness ...reforms."[17]

One such commission, led by Lord Moyne, was formed in 1938 to answer the questions posed by these upheavals. The Moyne Commission found "the trouble with this system was not incompetence on the official side but the inescapable tendency of the elected element to form a permanent opposition to the government."[18] The Commission offered two further solutions: (1) increased economic assistance for West Indian welfare projects and (2) the recommendation that full adult suffrage be attained.[19] These proposals did little to alleviate the socio-economic decadence of the region.

The philosophical offerings of the Moyne Commission served only to fuel an already growing nationalistic spirit in a people that had lost its identity through slavery and indentureship. The remedies, as colonial suppression continued, were neither concrete nor responsive. But in the shrouded fog of these benign offerings the imminent

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[17]Ayearst, 41-42.

[18]Ibid.

[19]Ibid.

destruction of British colonialism would be planted. Spurred on, the quest for the eventual attainment of a holistic democracy in the region became omnipotent. Following this period of upheaval a limited self-rule incorporating a two-party political system was born. The decolonization process had begun!

The socio-economic difficulties experienced in the Caribbean region between the two world wars not only created an environment conducive to popular dissent but fostered new developmental strategies for the area. One such strategy, "Operation Bootstrap,"[20] was attempted in Puerto Rico and later served as a developmental model for Caribbean nations--especially Trinidad and Tobago and Jamaica. The Puerto Rican model essentially called for the "attraction of outside investments in manufacturing for export to the United States."[21] The driving force for change was the declining price of sugar on the world market. The total dependence on this one export crop (sugar) to support the economies of growing nations had to be eliminated.

To this end, the 1940s witnessed a proliferation of solutions to this dilemma, the most prominent of which was

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[20]J.R. Ward examine these problems of economic development in Poverty and Progress in the Caribbean (London: MacMillan Publishing Co., 1985), 45-65.

[21]Ibid.

offered by W. Arthur Lewis.[22] Lewis advocated "Industrialization by Invitation" claiming that a lack of capital was the major hindrance to development.

He proposed in 1954 a "two sector model" in which "economic development would occur through the joint transformation of the agricultural and industrial sectors,"[23] and argued that "in the two sector model the availability of unlimited supplies of labour would make foreign investment attractive."[24] But the fallacy of this approach would become apparent in later Caribbean development. Consider the argument of Hilbourne Watson:

> Under the present conditions of capitalist underdevelopment in the English Caribbean, these categories of labor are the most depressed component of the labor force and are the first to seek emigration outlets. In fact, it is capitalism which produced the surplus labor in the West Indies.[25]

The Lewis plan was implemented, though, with some measure of success and became the main plank in the economic platform for two leading political organizations. The Peoples National Movement in Trinidad and the Peoples National Party of Jamaica

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[22]W. Arthur Lewis was a native of St. Lucia, born in 1915, and educated in the United Kingdom. He emerged as a leading economic historian in the late 1930s. He was closely aligned to the West Indian Federation and to Eric Williams, the prime minister of Trinidad and Tobago, in the formative years of the islands' development.

[23]Quoted from Ward, 47.

[24]Ibid.

[25]Hilbourne A. Watson, "Leadership and Imperialism in the Caribbean" in A. W. Singham, ed., The Commonwealth Caribbean into the Seventies (Montreal: McGill University, 1975), 57.

adopted the precepts of the plan. In Jamaica, by 1968 the manufacturing sector was contributing more than any other sector to increases in the Gross Domestic Product. Between 1950 and 1968 the GDP increased from M171.00$(J) to M549.20$(J).[26]

But the praxis was misleading. In Trinidad, for example, unemployment increased to some sixteen percent, which was indicative of developments in the rest of the Caribbean. In the long run the Lewis plan seems to have hindered and thwarted the developmental process in the Caribbean. By 1970 "unemployment in the region as a whole was between 15 and 25 percent and underemployment in Trinidad and Tobago came to 37 percent."[27]

The failure of the Lewis plan was felt at all levels of West Indian Society. Its inability to respond to the socio-economic problems encountered by these developing states raised real problems in the realm of politics. The colonial powers had become impotent in the developmental process, and the Lewis plan had inextricably "put the nations on the road to further economic underdevelopment."[28] In the words of Professor W.M. Macmillan: "A social and economic study of the

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[26]J.R. Mandle, Patterns of Caribbean Development (New York: Gordon and Breach Science Publishers, 1982), 60.

[27]Ibid., 60.

[28]Watson, 52.

West Indies is...necessarily a study of poverty."[29] Ultimately, it would be the poor masses of the region that would be the vehicle for change in the 1960s and 1970s.

There were concerted attempts by the colonial powers during colonization to establish a confederation of states among the islands of the Caribbean. The aim in fostering such a scheme was no doubt to improve inter-island economic cooperation. The impetus for this process originated in the small size of these nations and their economies. But the prospects of an inevitable self-governing process in the West Indies were the driving force behind the British push to federation.

In April of 1958 the West Indian Federation came into being. Earl Gooding claims that this was the:

> weakest federal body of modern times--and this weakness was not of colonial origin, but the age old reluctance of West Indians to sacrifice local power to a central government to safeguard insular intent against possible external encroachment.[30]

The weakness that Gooding describes led to the early demise of the federation. Jamaica and Trinidad and Tobago appeared intent on pursuing individual independence from Great Britain to foster the development of their polities. On June 1, 1962, the West Indian Federation disintegrated; and Jamaica and Trinidad and Tobago became independent on August 6 and 31,

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[29]Ibid.

[30]Earl Gooding, The West Indies at the Crossroads (Cambridge: Schenkman Publishing Company Inc., 1981), 69.

respectively. A little late on, the other nations with which this study is concerned achieved their independence, Guyana in 1966 and Grenada in 1974.

The independent nations recognized, though, that regional cooperation was an integral part of the development and survival of the region. Eric Williams[31] outlined what he called a Pan-Caribbeanism in which a "proposal for a Caribbean Economic community embracing not only the British West Indies but the wider Caribbean was called for."[32] Payne described the region as "a society with a history of disunity and separation, metropolitan domination and outward looking,"[33] that would make sustained growth an elusive quest.

H. Michael Erisman describes the Caribbean Free Trade Association which was an outcome of these dilemmas as a regional scheme in which:

> a number of countries coordinating their policies and pooling their resources in order to achieve as a group higher levels of socio-economic development that would not be possible if they continued to operate individually.[34]

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[31]Eric Williams was the Prime Minister and leader of the Peoples National Movement of the islands of Trinidad and Tobago.

[32]Payne looks at the phenomenon of Caribbean integration as a viable alternative to the traditional developmental modes employed by these emerging states during that period. See Anthony Payne, The Politics of the Caribbean Community 1961-1979 (New York: St. Martins Press, 1980) 36.

[33]Ibid.

[34]Quoted from H.M. Erisman, Controlling Dependence: The CARICOM States and South-South Politics (Boulder: Lynne Renier Press, forthcoming), 1-6.

The Caribbean free trade association represented an effort by "West Indians for West Indians."[35] The Preamble of the treaty establishing it states that the members shared:

> a common determination to fulfill within the shortest possible time the hopes and aspirations of their peoples and of the peoples of other Caribbean territories for full employment and improved living standards.[36]

But West Indians continued to battle increasing unemployment, "population explosion," and restlessness among the poor class which substantiated the conviction that removing the barriers to trade and creating a larger market for goods would not be sufficient to achieve a viable level of development. Indeed, the predominant belief was that these unemployed would perpetuate "internal tensions, and the resulting civil strife would eventually lead to convulsions, and thus destitution would prevail."[37]

By 1970 several international events, such as Britain's application to join the European Community, showed Caribbean governments how inextricably linked they were to metropolitan governments. Although many of these emerging states were or had acquired independence, Great Britain maintained preferential trading links with them and thereby an assured

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[35]Anthony Payne, 65.

[36]Agreement establishing the Caribbean Free Trade Association, Dickerson Bay, Antigua, December 15, 1965, Bulletin from the CARICOM Secretariat, Georgetown, Guyana.

[37]Anthony Payne, 89.

market for their produce.[38] Thus, real competition was non-existent.

This external dilemma created the impetus for a deepening of the integration process. The theory was advanced that a common market along the lines of the successful European Community was needed. Proponents of the integration model deemed its implementation a necessity for the economic and socio-political development of the region. Their dream was realized in July, 1975.

The Treaty of Chaguaramas established the Caribbean Community and Common Market. Caricom proposed to raise the subsistence level of living by three basic methods:

> (1) the establishing of a common market
> (2) cooperation in the region in the fields such as health, transport and culture, and
> (3) a foreign policy that would reflect the wishes of the Caribbean people.[39]

One of the major advocates of the integration scheme, William G. Demas, claims that:

> the reason why Caribbean integration prospered in the period was that it eschewed any commitments to the political integration of the region and this contained no threat to the national sovereignty of the independent nation-states.[40]

The integration schemes met with some measure of success. But, as pointed out, little improvement in the lot of West

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[38]Ibid.

[39]Treaty of Chaguaramas.

[40]William G. Demas, West Indian Nationhood and Caribbean Integration (Barbados: unknown publisher, 1974), 44-45.

Indians was recorded. Success came in the form of new industries, rising exports, and a measurable influx of foreign exchange.[41] Those who benefited, though, were the rich and fortunate upper class who made up a minute fraction of the population.

Even before the signing of the Treaty of Chaguaramas, many had become convinced, especially on the islands of Jamaica and Trinidad and Tobago, that the ambitious schemes of integration would not improve the West Indian standard of living.

The West Indians wallowed in poverty. Unemployability, mal-distribution of income, repugnant health care services and unresponsive governmental ministers on many of the islands were the fuel needed to bring revolutionary change. The beginning of the 1970s was marked by growing tensions and social unrest, labor strikes, and an emerging militancy among all peoples.

It appeared to many that after two decades of independence, the schemes aimed at improving the existence of the ordinary people had failed horrendously. Social and economic problems of the nations had remained unchanged.[42] The period also witnessed the beginnings of a growing nationalism which permeated all levels of society.

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[41]Earl Gooding, 141.

[42]Gooding, 143.

This burgeoning nationalism coupled with a recalcitrant populace led to the emergence of modern Caribbean Radicalism. Before the end of the 1970s, this radicalism had produced socialist regimes in each of the three countries under study.

## The United States and Cuba in the Caribbean 1950-1970

After independence, the United States, Cuba, and Transnational Corporations were particularly influential in the Caribbean's development. Strategically, the Caribbean played an important role for the United States during the 1960s. U.S. foreign policy was influenced, no doubt, by a growing uneasiness and about communism in Third World nations. The Caribbean was an integral part of this story. The Cold War saw U.S. military and economic expansion in the Caribbean as a means of keeping communism out of the United States' back yard.

Besides providing military bases and sites for launching covert operations, the Caribbean provided important sea routes for the export of commodities from the South American continent to the United States. Of vital importance, the Caribbean offered clear access to the Panama Canal. During the sixties, as a result of these valuable assets, the Caribbean region was inundated with American investment and industrial experiments.

From 1955 to 1970 U.S. capital investments and trade in the Caribbean were not insignificant. The U.S. emerged as one

of the region's major trading partners[43] as Table 2.1 indicates.

Table 2.1

Selected Commonwealth Caribbean Countries
Share of Total Trade with U.S. 1955-1970

| Country | 1955 | 1960 | 1970 |
|---|---|---|---|
| Imports: | | | |
| Barbados | 7.6 | 13.1 | 21.0 |
| Guyana | 12.9 | 19.8 | 23.5 |
| Jamaica | 20.5 | 24.2 | 43.6 |
| Trinidad | 9.5 | 13.8 | 16.2 |
| Exports: | | | |
| Barbados | 2.2 | 3.1 | 21.8 |
| Guyana | 8.9 | 16.5 | 27.6 |
| Jamaica | 15.9 | 26.2 | 53.3 |
| Trinidad | 2.6 | 19.6 | 46.9 |

Source: Ramesh Ramsaren, "Issues in Commonwealth Caribbean: U.S. Relations" in Sutton and Payne, Dependency Under Challenge (Manchester: Manchester University Press, 1984), 179.

Between 1950 and 1970, U.S. investment increased to approximately 6.6 billion dollars, concentrated in the petroleum and manufacturing sectors.[44] To many West Indians this hegemony represented colonialism reminiscent of British colonialism. To them it appeared that the profits generated through these investments and then taken out of the country produced little benefit for the people.

[43]Ibid.

[44]Payne, 67.

The most visible sign in the 1950s of the change in the Caribbean polity was the decline in employment in the agricultural sector. In the 1950s this sector of the economy recorded a high level of employment, but by the end of the 1960s, drastic reductions had occurred in Guyana and Jamaica as Table 2.2 indicates. These declines continued in the countries during the 1970s.

Table 2.2

Caribbean Labor Force Employed in Agriculture 1950-1970 (percentages)

| Country | 1950 | 1960 | 1970 |
|---|---|---|---|
| Guyana | 43.7 | 34 | 32.0 |
| Jamaica | 51.6 | 29 | 29.4 |
| Trinidad & Tobago | 24.8 | 22 | 18.5 |
| Barbados | 28.6 | 26 | 19.9 |

Source: Kempe Ronald Hope, Economic Development in the Caribbean (London: Praeger Press, 1980), 57.

Negative growth rates, uncontrolled inflation, exorbitant increases in the standards of living, and disparities in income distribution contributed to ensure violent reaction against American hegemony.[45] It is not clear, though, that American investments alone contributed to the decline of Caribbean political economy; but to the people America represented the most visible perpetrator.

[45]See Fitzroy Ambursely and Robin Cohen, Crisis in the Caribbean (Kingston: Heinemann Educational Books, Ltd., 1983), Chapter 1.

The establishment of democratic processes in these emerging states was the primary political intent of the United States in the 1960s. Preventing communist infiltration appeared to be the ultimate goal. Howard Wiarda claims, though, that "U.S. administrators...for example, Roosevelt and Kennedy, [tended] to favor democracy and human rights usually in the abstract and at the rhetorical level."[46]

In the 1960s, U.S. policy can be considered one of intermittent benevolence. It appeared that only when American interest was threatened did administrators react. Wiarda suggests that it is "only when crisis explodes as in Guatemala, 1954, Cuba's revolutionary change, and the Dominican Republic 1965 that we turn our attention--usually we hope and tend to ignore the region."[47] The effect of this unconcern opened the region to alternative political ideologies offering what appeared to be viable developmental models. Often, socio-economic improvement and, thereby, a better standard of living was the attraction.

In recent years Cuban influence has rivaled that of the United States in the Caribbean. In the 1960s, though, its influence was inspirational. The Cuban model of development in the 1970s proved an important beacon for these emerging states. Anthony Payne describes Cuba as "the pivot around

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[46]Quoted in Alan Adelman and Reed Reading, Confrontation in the Caribbean Basin (University of Pittsburgh: Center for Latin American Studies, 1984), 216.

[47]Ibid.

which the international crisis of the Caribbean revolves."[48] It is his view that:

> The Cuban revolution was a shattering blow to the theory of geographical fatalism, that for a long time had determined the policy of most of the Latin American countries. According to this theory, the territorial proximity of the Latin American states to the U.S. doomed them to permanent dependence. Cuba's experience had demonstrated that a revolutionary people can stave off imperialist oppression.[49]

The initial attraction was Cuba's vehement anti-imperialist stance which later translated into a growing alliance with the Soviet Union. Diplomatic ties were established, and embassies were opened in Jamaica, Guyana, and Grenada. The U.S.S.R. provided small amounts of financial assistance and allowed the bulk of its influence to be exercised through Cuba.[50]

"Cuba has the duty of carrying out and will always carry out a revolutionary proletarian internationalism."[51] At the beginning of the 1970s, this statement adequately described Cuba's view concerning foreign policy in the region. The prospects of a deep alliance were rooted in a failed West Indian political economy. Many of the more developed countries, such as Barbados and Trinidad, sought to establish diplomatic ties which, by 1982, had cemented Cuba's influence

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[48]Payne, 67.

[49]Ibid.

[50]Ibid.

[51]Adelman and Reading, 167.

in the region. However, Cuba's influence was not always guaranteed. During the 1960s there were concentrated efforts to exclude Cuba from the region, especially by Trinidad. Anthony Maingot claims that "in 1967 Trinidad imported $233,675 TT worth of goods from Venezuela; $298,137,900 TT worth of goods from the U.S., and $100 TT from Cuba with no exports to the island."[52] But this changed when Williams was faced with an angry and increasingly militant populace. Fearing that the failure to improve the standard of living of the people would be blamed on a political economy closely linked to Western Capitalism, he did an "about face." Williams wrote that "Castro's programme is pure nationalist, comprehensible and acceptable by any of the Caribbean nationalists."[53]

The late 1960s and 1970s saw the penetration of Caribbean economies by large transnational corporations. One report--that by the U.N. Secretary General--claimed that "TNCs...have become increasingly important in virtually every aspect of international life."[54] The Caribbean islands offered, because of geography and political stability at that time, a haven for transnational investment.

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[52]Anthony P. Maingot, "Cuba and the Commonwealth Caribbean" in Barry B. Levine, The New Cuban Presence in the Caribbean (Boulder: Westview Press, 1982), 19-41.

[53]Ibid., 33.

[54]Quoted from David Kowalewski, Transnational Corporations and Caribbean Inequalities (New York: Praeger Press, 1982), 7.

> The region...offered the TNC investor...an ever widening array of opportunities. An adequate response by outside investors may generate attractive returns on invested funds.[55]

In addition to this invitation to invest, Caribbean governments offered specific inducements, such as tax exemptions and shelters and exemption from import duties. Industrial giants, such as Texaco, Shell, and Grace, were the major investors in the region at that time. W.R. Grace built an $80 million U.S. fertilization plan in Trinidad.

It appeared that by the beginning of the 1970, TNC penetration of the political economy of Caribbean nations was deeply entrenched. But, in the eyes of West Indians, this represented a perverse form of colonialism. The "TNC-class" that was created foreshadowed the growing antagonism that was developing against a vulgar class disparity in the region.[56] But West Indians were resolved not to suffer under the yokes of colonialism; again, to them, "massa day was done."[57]

By the beginning of the 1970s, the desire for societal transformation had become evident in the West Indies. A growing radicalism, which translated into labor strikes and the formation of numerous opposition parties had emerged.

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[55]Ibid., 19.

[56]Ibid., 163.

[57]Eric Williams' "massa day done" slogan was the driving force--a call to rally against imperialism during the 1960s. This followed the recognition that his "industrialization by invitation" scheme was not improving the quality of life for Trinidadians.

Capitalism had become suspect. In the next three chapters, the study examines Grenada, Jamaica, and Guyana, concentrating not only on the emergence and evolution of socialism in each country but its impact on their development.

## CHAPTER III

## THE DEVELOPMENT OF UNDERDEVELOPMENT: CAPITALISM AND SOCIALISM IN GRENADA

### Introduction

The coup d'etat of March 13, 1979, which ended the despotic rule of Eric Gairy on the tiny spice island of Grenada in the Caribbean ushered in a new era. Some described this coup as "a classical application of Curzio Malapartes' Technique du Coup d'Etat with episodic inspiration from Karl Marx's 18th Brumaire."[1] And some in socialist literature have described it as a "mini 17th of October and a Moncada which has succeeded."[2]

But, whatever way historians have chosen to regard this revolution, it was indeed a violent reaction against an oligarchic, corrupt, and patently unresponsive political system. W. Richard Jacobs claimed that "the revolution of 1979 gave the peoples of Grenada their first ever freedom and sense of national dignity."[3]

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[1]Quoted directly from Jorge Heine and Leslie Mangut, eds., The Caribbean and World Politics, (New York: Homes and Meier, 1988), 182.

[2]Ibid., 183.

[3]W. Richard Jacobs, "Grenada on the Road to Peoples Democracy" in World Marxist Review 23 (1980): 6.

Grenada is the most southern and most densely populated island of the Windward island chain. It contains about 133 square miles of territory and a population of approximately 115,000. Its economy, in the pre-socialist period, was based primarily on agricultural exports, and its social structure is visibly demarcated along class lines. The island is an integral part of what Lloyd George called the "slums of the Empire,"[4] and as such it is subjected to the pendulous nature of Third World development. Grenada occupies a strategic geo-political position and has been a haven for international adventurism.

Historically, development in Grenada, like its neighbors, has been thwarted by struggles against slavery, a plantation-type economy, and colonial imperialism. This subjugation fueled change which would manifest itself as early as 1951 when "popular unrest would compel London to give Grenada limited internal autonomy."[5]

Grenada is a country with "a high degree of social pluralism where a structure based on color and class stratification has led to a noticeable lack of social solidarity."[6] Yet, in the aftermath of "Gairyism" (see pages 43-51), Grenadians would unite not just against unacceptable

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[4]Eric Williams, From Columbus to Castro: The History of the Caribbean 1492-1969 (London: Andre Deutsch, 1970), 443.

[5]Jacobs, 65.

[6]Tony Thorndike, "Grenada: Maxi-Crisis for Mini-States" in The World Today 30 (October 1974): 436.

socio-economic conditions but against a persistent anarchy that threatened both life and limb.

It can be argued that the intermittent violence that has marked much of Grenadian political development has been "made possible and even facilitated by the Westminster constitutional model of government."[7] Arend Lijphart claims that:

> the outcome of the Grenadian election in 1984, which was conducted according to the majoritarian method of plurality in single member districts, illustrates the Westminster model's tendency to concentrate power in the hands of the victorious majority and to virtually exclude the losing group.[8]

A concomitant causal factor basic to the revolutionary process in Grenada is the intensely personal nature of its politics. Archer claims that politics in the Caribbean were "strongly influenced by the behavior of a handful of leaders

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[7]Ewart Archer, "Gairyism, Revolution and Reorganization: Three Decades of Turbulence in Grenada" in The Journal of Commonwealth and Comparative Politics 23 (March 1985): 92. The underlying principle of the Westminster system is that the party that controls the majority in parliament following an election is invited to form the government. The person who is leader of the majority party becomes prime minister and head of the cabinet. Once the cabinet decides on policy, it can be easily translated into law by the use of the party's majority in parliament. Under contemporary conditions the executive in the Westminster model is so powerful that it has been referred to as a cabinet dictatorship.

[8]Arend Lijphart, "Size, Pluralism and the Westminster Model of Democracy," in Jorge Heine, ed., A Revolution Aborted: The Lessons of Grenada (Pittsburgh: University of Pittsburgh Press, 1990), 223. It should be noted that the Westminster Parliamentary System of Government which functions under the precepts of an open electoral process existed in Grenada prior to the socialist era, i.e., before March 13, 1979. As such, it was part and parcel of a stagnated polity.

and tensions and acts of political violence in Grenada can be directly linked to the intolerable nature of Eric Gairy to his political opponents."[9]

A word of caution, though: Grenadians in the pre-socialist era suffered not only deplorable socio-economic atrocities but subsisted in a polity in which constant suppression and despair was matched only by the vile, corrupt acts of the ruling junta. The destitution that permeated the island in the pre-revolutionary period not only threatened the very fabric of the society but, ironically, became the impetus for revolutionary change.

> The island was characterized by...low investment rates, high unemployment, skyrocketing inflation and a per capita income that in real terms was lower in 1979 than in 1970.[10]

In this deplorable environment, the New Jewel Movement (NJM) was the beacon for change that would produce social unity among the people. And, the Peoples Revolutionary Government (PRG) would attempt to steer a new course in Grenadian history. It is fitting, then, that the revolution would favor (as the leader of the coup, Maurice Bishop, claims) ideals such as: "work, food, housing...and a bright

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[9]Archer, 92-93.

[10]Anthony Payne, Paul Sutton, and Tony Thorndike, Grenada Revolution and Invasion (London: Croom Helm, 1984), Introduction.

future for the children and grandchildren of the peoples of Grenada."[11]

Colin Henfrey asks: "what would Marx have said if he could have been told in March 1979 of another revolution in his name, but so remote from his expectations that the local proletariat was too small to manufacture matches?"[12] By the end of the 1970s, though, there was little doubt that the souls of Grenadians would pay homage "to the prophet of working class revolutions in advanced industrial economies."[13] The transformation of Third World nations, including Grenada, has taken place in a World Order characterized by strife between two social systems: socialism and capitalism. As a result, some leaders in the Caribbean feel that "national sovereignty can be attained only through the elimination of colonialism...and through the destruction of its most basic cause: capitalism in its imperialist phase."[14]

Accordingly, as early as March 1973, opponents of the political status quo in Grenada felt that "only through the

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[11]Bruce Marcus and Michael Taber, eds., Maurice Bishop Speaks: The Grenada Revolution (New York: Pathfinder Press, 1983), 1.

[12]Colin Henfrey, "Socialism in the Americas: Implications of Grenada," Bulletin of Latin American Research 3, no. 1 (1984): 135.

[13]Ibid.

[14]Marcus and Taber, 16.

socialist path can national development be achieved."[15] This mood was rampant in the region as more and more leaders recognized that "political independence can become a mere formality unless accompanied by an economic policy that promotes national development."[16] With the emergence of this vision, the "heart of socialism" began to beat in Grenada.

This chapter focuses attention on the factors contributing to the Grenadian revolution of 1979. Broad ranging questions are addressed, such as: (1) what factors contributed to the emergence of the New Jewel Movement with its socialist ideas and inherent radicalism; (2) how did this party, once it attained political power, produce the socialist transformation of the polity; and (3) did the Peoples Revolutionary Government (PRG) improve the socio-economic conditions of the average Grenadian--or was viable development in the society achieved?

The revolutionary victory by a small group of Grenadians on that fateful day not so long ago was more than a beacon to Third World nations seeking social and political transformation. The event indicated that developing nations could and would no longer subject themselves to continuous repression by colonial or neo-colonial powers or whatever structural form malignant suppression may assume. The NJM, with celestial zeal reflecting this ideal, embarked in Grenada

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[15]Ibid.

[16]Ibid.

on an ambitious scheme of social and economic reconstruction. Amidst international concern and a growing regional isolation and antagonism, the task was undertaken.

> Long live the Grenada revolution!
> Forward ever, Backward never![17]

## Grenada: Capitalism and Development

On July 27, 1990, black muslims on the island of Trinidad and Tobago sought to overthrow the constitutionally elected government of A.N.R. Roberson. Some twenty years ago a radical group under the guise of the Black Power movement linked to the American Civil Rights movement sought a similar goal. Revolution is not uncommon in the West Indies. Examples of radicalism abound, and all appear to have been rooted in deplorable socio-economic and repressive political conditions.

But, whatever the causes, very few of these uprisings were rooted in ideological pronouncements. Opposition leaders pursued changes within the existing political system, and these movements for change became mainly passive reflections, much akin to promises of fairy tales. The Grenada Revolution of 1979 led to the first successful and systemic social transformation in Anglophone Caribbean history. The idyllic changes that were promulgated were aimed at the elimination of

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[17]Ibid., 286.

capitalist exploitation and the adoption of socialism as a progressive, anti-imperialist alternative.

This attempt at change heralded a new era in Caribbean leftism for it marked a departure from the traditional political philosophy of majority rule, i.e. the Westminster Parliamentary System and the adoption of a model of communalism ordained by a system of socialist orientation. This change, undoubtedly, was much more than an attempt at socio-economic reconstruction for its legitimacy lay in its reaction to a corrupt and unresponsive power that had come to dominate much of Grenadian polity.

While these points are historically indisputable, any attempt to understand this revolution requires as the central focus analysis of objective conditions that were present in the political-economy of the island prior to this systemic transformation. Antecedent to March 1979, the Grenadian economy was primarily based on an agricultural model dependent on revenues derived from the export of nutmeg, cocoa, and bananas. The country was heavily dependent on imports to satisfy domestic consumption. Improvements in an economy based on this model were hampered not only by the ebb and flow of the world economy. By 1979 almost one-third of the island's Gross Domestic Product was derived from the agricultural sector. In contrast, less than three percent was attributed to industrialization.

The economic impotence of the industrialized sector is borne out by the statistics presented in Table 3.1.

Table 3.1

Distribution of Employed Labor

| | 1946 | 1960 | 1970 |
|---|---|---|---|
| Agriculture | 12,569 | 10,068 | 8,592 |
| Manufacturing | 3,878 | 2,338 | 2,046 |
| Construction | 3,161 | 2,240 | 4,101 |

Source: Frederic L. Pryor, Revolutionary Grenada: A Study in Political Economy (London: Praeger Press, 1986), 298.

Additionally, this translated into an unemployment rate as high as fifty percent of the adult working population on the eve of 1970; this equals about 16,000 citizens.[18] "Even this official rate of unemployment disguised a 69 percent rate of unemployed for women and a devastating 80 percent for young people under the age of 25."[19] (See Table 3.2.) In addition, Grenada sustained an annual inflation rate of well over twenty percent coupled with a decrease in the purchasing power of the consumer. This dismal economic picture was made more gloomy by a record of no real economic growth with almost no prospect for improvement.

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[18]Anthony Payne, Paul Sutton, and Tony Thorndike, eds., Grenada: Revolution and Invasion (London: Croom Helm, 1984), 14.

[19]Ibid.

Table 3.2

Unemployment and Underemployment

| | 1946 | 1960 | 1970 |
|---|---|---|---|
| Labor force as % of population aged 15-64 | 77.6 | 68.8 | 73.8 |
| Rough estimate of unemployment rate | 6.1 | 19.1 | 19.0 |
| Available for work (real numbers) | 35,867 | 38,770 | 38,297 |
| Actual Employed | 26,802 | 22,076 | 24,463 |

Source: Frederic L. Pryor, Revolutionary Grenada: A Study in Political Economy (London: Praeger Press, 1986), 23.

Appalling economic dilemmas such as these were accompanied by mass dissatisfaction and a growing degeneration in the social infrastructure of the island. The health care system was, perhaps, the best example of this. Hospitals not only suffered gross inadequacies of primary care necessities but lacked basic medicines, equipment, and even beds and linens. There was only one general hospital on the island which did not face such dire problems. According to Kai Schoenhals and Richard Melenson, "women often had to deliver their babies on concrete floors."[20]

In addition, the bleakness of the reality was matched only by a dominant philosophy held by the leader of the nation that an educated populace would, in some bizarre way, be a

[20]Kai P. Schoenhals and Richard A. Melenson, Revolution and Intervention in Grenada (Boulder: Westview Press, 1985), 19.

threat to his dictatorial rule.[21] Hence, many of the primary and secondary schools were left in advanced stages of disrepair. In addition, little emphasis was placed on education above the primary level; and during Gairy's reign only "15 percent of Grenada's primary school children went on to secondary school."[22] Obviously, education of the nation's young in a "decade of the child" was not important. Table 3.3 clearly illustrates the problem.

Table 3.3

Education: School Population for Selected Years

| Years | Primary School | Secondary School |
|---|---|---|
| 1970-1971 | 30,522 | 3,230 |
| 1974-1975 | 27,207 | na |
| 1976-1977 | 25,294 | 5,053 |
| 1978-1979 | 22,861 | 6,050 |

Source: Frederic L. Pryor, Revolutionary Grenada: A Study in Political Economy (London: Praeger Press, (1986), 154.

Conspicuously, other essential social necessities, such as pipe-borne water, electricity supply systems, decent housing, and motorable roads were perpetually unattainable and in some respects were considered luxuries. It appeared, though, in the tragedy of these circumstances that the low level of capitalist development would propel Grenadians much

[21]Ibid.

[22]Ibid.

into a new political process that would bring drastic improvements.

Amid economic despair and social neglect exacerbated by a political system decaying under the weight of pandemic corruption, socialism was born. The underdeveloped Grenadian polity which created mass dissatisfaction was no doubt linked to the plantation system;[23] and the nation's colonial experience.

As early as the 1950s, Eric Gairy presented himself as an opponent of the rigid class lines largely inherited from the colonial period. He championed the struggle of the developing brown-skinned middle class against the white oligarchy. Gairy quickly became a hero to the people; and to the average estate worker or hotel employee, his charisma was enough to command respect.[24]

Yet, lurking behind this flamboyant facade was a deeply disturbed and corrupt personality. Gordon K. Lewis reminds us that:

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[23]A plantation system is a large agricultural estate which combines agricultural and processing functions in the production of tropical commodities for sale in metropolitan markets. The majority of the work was performed by low-skilled workers under the close supervision of a tiny managerial elite. The workers were housed on the estate, and life was designed to create an enormous social gulf between worker and estate bosses. See Ewart Archer, "Gairyism Revolution and Reorganization: Three Decades of Turbulence in Grenada" in The Journal of Commonwealth and Comparative Politics 23 (March 1985): 92-93.

[24]For an adequate evaluation of Eric Gairy's rule in Grenada, see Thorndike and Sutton; see also Gordon Lewis, Chapter 1-2.

> perhaps it was not surprising that Gairy's contribution to Caribbean political thought should have been his lobbying campaign, in his appearance as government leader at the U.N. to persuade that body to investigate the phenomenon of UFOs.[25]

It would be a mistake, though, to dismiss his rule as unimportant, for as Ambursley claims: "the conditions that gave rise to the March 13 insurrection can to a large extent be explained by the singularity of Gairyism."[26] But, Ambursley further describes Gairy's rule as the "most despotic and wanton form of oligarchic rule to have emerged in the English Speaking Caribbean."[27] The essence of Gairyism, though, with all its shortcomings, lay in the important role it played in raising the political consciousness of the masses. According to Lewis, Gairy gave the masses "a tongue-sticking defiance of the master-class."[28]

As far back as 1962, Gairy's flagrant disregard of colonial rules and conventions on several occasions, caused the suspension of the island's constitution. Amidst charges of corruption and the indiscriminate use of public office, bureaucratic convention had little meaning. Relentlessly, Gairy pursued absolute power and with his infamous "Mongoose

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[25]Gordon K. Lewis, Grenada: The Jewel Despoiled (Baltimore: Johns Hopkins University Press, 1987), 12.

[26]Fitzroy Ambursley in "Grenada: The New Jewel Revolution" in Fitzroy Ambursley and Robin Cohen, eds., Crisis in the Caribbean (Kingston: Heine Mann, 1983), 191.

[27]Ibid.

[28]Lewis, 12.

Gang" reached into and plucked the very heart from Grenadian society.[29]

In 1962, charges that were levied against him ranged from violations of financial regulations to the illegal purchase with public monies of luxury items and the victimization of public servants by arbitrary transfer or termination of employment.[30] In the twenty-some years of his rule, Gairy gained full control of the civil service and together with his Cabinet manipulated all aspects of its functions. In essence, the Grenadian political system under Gairy became a farce where profit and power were symbolically entwined.

However, his rule was not to remain for long without growing criticism, which would come from the upper echelons of Grenadian society. There is no doubt that in the closing years of his reign his political and moral character declined. Gordon Lewis perhaps best sums it up: "like all the little sawdust Caesars of his type, he finally brought about his own downfall."[31] Gairy, in the waning years, impoverished the poor masses by his squandering--in fact, his wanton neglect of the economy and his raiding of the public treasury would leave his people wallowing in want.

The years of totalitarian rule were not, however, unnoticed. The hard-line position, taken by Britain in its

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[29]Ibid., 13.

[30]Ibid.

[31]Ibid.

quest for increased power in the decision-making process of the island, served in the 1960s only to cement Gairy's position among the rural working class. But this political dominance would be at best the Achilles heel of Gairyism. For

> once decisive political dominance of the system had been attained, the political leadership had to engage in a constant manipulation of policy and economy in order to demonstrate that it was capable of delivering promised rewards for allegiance to the fellowship.[32]

Although in the period 1960-1970 the economy grew by almost fifty percent increase, in the latter half of the 1970s the economy grew only a mere eleven percent.[33] But, despite this decrease, Pryor claims that the ratios of gross fixed investment to total Gross Domestic Product increased from 18 percent in 1965 to 23 percent in 1971, and the ratio of public capital expenditure to gross capital formation was roughly 75 percent.[34]

By all measures, then, it appeared that Grenada was well on its way to achieving self-stained economic growth. Government figures indicated that export of agricultural commodities had doubled, and the volume of tourists coming to the island had increased five times over. But, this growth

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[32]Vaughan A. Lewis, "Political Change and Crisis in the English Speaking Caribbean" in Confrontation in the Caribbean Basin, Alan Adelman and Reed Rierchy, eds. (Pittsburgh: University of Pittsburgh Press, 1984), 111.

[33]Figures obtained from Frederick W. Pryor, Revolutionary Grenada: A Study in Political Economy (London: Praeger Press, 1988), 27.

[34]Ibid.

was deceptive. For although output had grown, imports had grown faster.[35] As explained earlier, Grenada was experiencing serious social, financial, and developmental problems. The problems were further exasperated by a specialization of agricultural production geared toward export to foreign markets and a "screwdriver"[36] type manufacturing sector.

In the 1960s and early part of the 1970s, there was indeed structural change in the Grenadian economy. The positive economic figures were offset by the fact that the economy was heavily dependent on agricultural products and, thus, subject to price fluctuations on the world market; there was little doubt that the country had not reached the stage of self-sustaining growth.

The economic axiom that growth is based on real income implied that this assessment did not reflect the real problem. Consequently, the structural changes that occurred in the Grenadian economy, for example, the decline in labor involved in agriculture from 47 percent in 1946 to 30 percent in 1981 and the concomitant decline in mining and manufacturing, with much of the labor being absorbed in the tourist industry,[37] did little to alleviate the socio-economic dilemmas of the

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[35]Ibid.

[36]The term "screwdriver" is used to describe a manufacturing sector where products are assembled only; parts are imported and put together for export.

[37]Pryor, op cit.

average Grenadian. It did, however, reflect a blanket improvement statistically in Grenada.

However, when Britain granted full independence to Grenada under Gairy in 1974, the economy went into reverse. Anthony Payne characterized the Grenadian economy after independence as "one in which the infant mortality rate climbed to 29.5 per 1,000 live births; and where functional illiteracy rose to some forty percent."[38] From this analysis it is clear that the Gairy years were incredibly difficult for Grenadians. W. Richard Jacobs claims that Gairy's concern was "chiefly to satisfy the interests of his imperialist patrons, increase his personal fortunes, and reward his stooges."[39] As a result, the government quickly acquired a reputation for waste and corruption.[40]

Gordon Lewis felt that Gairyism, characterized by "its street violence, its demagoguery, its curious mixture in its ideological context of God, Marx, and the British Empire,"[41] was one of the most heinous and formidable political ideologies in the Third World. The history of Grenada between 1973 and 1979 was characterized by the dismantling of the

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[38]Payne, Sutton, and Thorndike, 1+.

[39]Ibid., 66.

[40]Payne, Sutton, and Thorndike, 14.

[41]Gordon K. Lewis, The Growth of the Modern West Indies (New York: Monthly Review Press, 1968), 158.

plantation economy, increasingly centralized control of the government, and a paranoia that infiltrated the leadership.

Accordingly, Grenadians did not reap benefits from its perverse attempt at modernization. In fact, the plantation style economy was capriciously replaced--not by any type of stable economic system--but rather by ad hoc manipulation, the intent of which was to ensure the creation of a small clique of business entrepreneurs spellbound by Gairyism.

A perusal of the dynamics of Grenada's developmental process offers evidence that Gairy attempted to control the average Grenadian by broad ranging psychological intrusions. He seems to have concluded that "if he made as many people as possible economically dependent upon the government he could control them politically."[42] In fact, what he had intentionally set out to accomplish was the prevention of political opposition to his rule.

Using what Ambursley calls true Bonapartism,[43] Eric Gairy sought to quiet an already revolutionary fervor among the people. In the wake of a growing desperation, he instituted the Firearms Act of 1968, the intent of which was to call in all firearms from persons who were opposed to his policies. He undertook to increase the people's economic and political dependence on him. He called for a redistribution

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[42]George Biscan, Grenada, Island of Conflict (London: Zed Books Ltd., 1984), 325.

[43]Ambursley, 192.

of land that would appeal to the masses--"land for the landless."[44]

Large estates were appropriated by the state, but this land was primarily owned by opponents of Gairy. These erratic and contradictory policies were matched by the total control of the Cooperative Agricultural Lands, to manipulate the price of agricultural commodities in the domestic and international markets and the arbitrary psychological victimization of public service employees via termination or transfer.[45]

Eric Matthew Gairy might have been successful. To a degree he was. He was looked upon, though, as:

> an egoist, ambitious for power and with an inferiority complex apparently because of his dark color, determined to show the world that he [could] rise above birth and color to political leadership of his people.[46]

But the limited success that one can perhaps point to must be measured against the terrible cost to the Grenadian people. As he emasculated the Grenadian polity, an acute inertia pervaded much of the developmental process. This anemia was matched only by a preponderance of irrationality and illogic to be followed inevitably by a cry for help by Grenadians.

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[44]Biscan, 330-332.

[45]Ibid.

[46]Ibid., 249.

## Grenada: Socialism and Development

Maurice Bishop described the exploitation of the masses as a "devastation of the social and economic fabric"[47] of the Grenadian polity. In his words:

> Grenada was reduced to the laughing stock of the international community, land of a tin-pot dictator lost in extraterrestrial dreams, preoccupied with UFOs, obsessed with his divinity, but brutal and ruthless in the exercise of power.[48]

In effect, Grenadians became aware that "they must seize governmental power before they could institute basic social alterations."[49] The March 13th insurrection resulted.

The Grenadian upheaval stands as a symbol of Third World willingness to effect change because of serious discontent. Although explanations of revolutionary change abound, Theda Skocpol claims that "one must find problematic, first, the emergence of a revolutionary situation within an old regime."[50] To this, V.I. Lenin argues that "insurrection

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[47]Quoted from Maurice Bishop's speech at the opening of the first international conference of solidarity with the Grenadian revolution in St. Georges, Maurice Bishop Speaks, Borice Marcus and Michael Taber, eds. (New York: Pathfinder Press, 1983), 24.

[48]Ibid.

[49]Michael Erisman makes this point in his examination of Lenin's theories of revolution in A Theory of Social Revolutions in Latin America," (University of Pennsylvania) unpublished dissertation, 1973.

[50]Skocpol examines the causes of revolutions very effectively in her analysis, "Explaining Social Revolutions" in Theda Skocpol, States and Social Revolutions (New York: Cambridge University Press, 1979), 16.

must rely not upon conspiracy but upon a revolutionary upsurge of the people. It must [emerge] when the activity of the advanced ranks of the people is at it heights and when the vacillations in the ranks of the enemy and strongest."[51] But the most important aspect of revolutionary change is that there must be a transfer of state power from one class to another. Consider Lenin's analysis:

> the transfer of state power from one class to another class is the first principle, the basic sign of a revolution, both in the strictly scientific and in the practical political meanings of the term.[52]

David Lewis argues that the Grenadian insurrection was not an example of the "working class overthrowing an oppressive semi-capitalist regime, but rather a revolution led by a radical disenchanted middle class element of the population."[53] But, an argument can be made that the subjective milieu and the multiplicity of objective conditions troubling the poverty-stricken masses were the real driving force for change.[54]

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[51]V.I. Lenin, "Marxism and Insurrection, Selected Works, Volume 2 (New York: International Publishers, 1971), 337.

[52]Lenin quoted by Jack Woods in New Theories of Revolution (New York: Monthly Review Press, 1974), 17.

[53]David E. Lewis, Reform and Revolution in Grenada 1950-1981 (Havana: Edicones Casa de la Americas, 1984), 144.

[54]Michael Erisman claims that analysis of objective concerns centers on the precept that differences exist in society itself as the primary cause of revolution, the subjective condition relates to the belief that revolutions true origins are to be found in mere minds, not society. Erisman, 31.

Today, almost any event that deviates from the norm is considered revolutionary. In the 1960s, mini-skirts, "Afro" hair, and the hippie movement were classed as such. In recent years, though, the term revolution has acquired a more distinct meaning. Specifically, we would define social revolution as:

> the use, or creditable threat thereof, of organized coercion to bring about first a transferral of state power and second a sudden, fundamental alteration in a country's social, economic and political structures.[55]

In the post-independence period (1974 onward), not only was the government totally removed from the consensual reach of the people, but the entire intellectual and business community of the island were disenchanted. A radical but progressive intelligentsia became the major agent of change. The New Jewel Movement became its main instrument.

The New Jewel Movement grew out of the need for social, economic, and political development long denied to the Grenadian masses. In 1973, the Movement for the Assembly of Peoples (MAP) and the Joint Effort for Welfare, Education, and Liberation (JEWEL) merged into the NJM.[56] Maurice Bishop, Kendrick Raddix and Unison Whitman who were to become

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[55]Quoted from Erisman, 2.

[56]Numerous analyses have been advanced following the successful revolution in 1979 of the genesis of the NJM. Of particular importance is Bishop's own discussion of the subject. See Maurice Bishop, "Grenada has Chosen its Road" in World Marxist Review 25 (1982): 63-67. Of importance also on this subject is Lewis, chapter 5 and Ambursley, chapter 9.

important figures in the government after the revolution were, in fact, the initiators of the movement. Philosophical continuity in the party was assured not only by their continued presence by also by common memories in the minds of the leaders all of whom had been exposed to racism, cultural abrogation, and neo-colonialism.

The road to 1979 was paved with numerous atrocities, including the savage beatings of the NJM leadership in 1973 and the victimization of hospital nurses protesting deteriorating working conditions. Like a phoenix, the NJM rose to threaten and ultimately defeat the political status quo of Gairyism.

As the NJM gained political momentum, Gairy was adamant in his quest to return to power. The totalitarianism of his actions were paralleled only by prolonged labor strikes intended to protest the lack of human rights which were guaranteed under the constitution. This guarantee was fundamental to the development of the Grenadian polity.[57]

These internal problems were matched by external ones. Both fueled the opposition movement. Black Power uprisings in Jamaica and Trinidad and Tobago at the end of the 1960s and the militant civil rights movement in the United States were only two of the myriad of external developments that influenced the Grenadian attempt at change. From Martin Luther King to Malcolm X, Walter Rodney and C.L.R. James,

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[57]G. Lewis, 17.

influence for change was indeed not lacking. By far, the most important influence was the apparent success of the Cuban model of social transformation.

The period was marked by the frantic search among West Indians for cultural and national identity reflecting the pluralism of the area. But the nature of West Indian society not only prevented the development of such identity but also seemed to keep the region apheliotropically turned toward socio-economic bleakness and dependence.

The NJM's 1973 manifesto stated:

> We believe that the main concern of us all is to (1) prevent the daily rise in prices in all our food and clothes and other essentials...[and] (2) develop a concrete programme for raising the standard of housing, clothing, education, health and recreation of all the people.[58]

Between 1974 and 1979 the party abandoned its early Black Power orientation and became a full-fledged proponent of socialism.

To many, though, the NJM's platform contained nothing more than a petty bourgeois democratic program whose principal aims were "genuine independence, self-reliance, anti-Gairyism, and anti-imperialism."[59] In addition, the manifesto called for the complete nationalization of foreign owned banks and hotels while professing the desire to increase the tourist industry. The objective in these nationalization schemes was

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[58]Quoted from The Manifesto of the NJM (St. Georges: Grenada NJM Secretariat, 1973), 1.

[59]Ambursley, 200.

not only to increase governmental control of the liquid revenue in the nation but to utilize the available funds for what the NJM considered more meaningful developmental purposes.[60]

One of these developmental purposes was the total reconstruction of the agrarian industry. The NJM manifesto called for a redistribution of the country's available land with the objective of building co-operative farms. The intent of this bold plan was to increase the quantity of locally grown crops, thereby reducing the dependence on foreign imports to satisfy local agricultural needs. In addition, the establishment of a national marketing board to oversee the export of excess food was proposed.

Although these economic proposals by the New Jewel Movement in its formative years might be interpreted as bordering on ambitious, its social reconstruction program was clearly utopian. The party proposed to establish a national health care system for the entire population and free education up to the secondary school level for all Grenadians.[61] Yet, this was only the icing on the cake for in its foreign policy the NJM proposed a remarkably bold program--one in which anti-imperialism and anti-colonialism were central. Close alliance with parties of socialist

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[60]Manifesto, 6.

[61]Ibid., 7.

inclination around the region was sought (WJP Jamaica and the Castro regime).

It also proposed establishing political institutions that would command the respect of Third World nations. The NJM advocated the total dismantling of the unresponsive Westminster Parliamentary System and its replacement by a government of the people based on popular control via peoples assemblies.[62]

In 1976 the NJM embarked on its quest for political legitimacy by competing with the Grenada National Party and the United Peoples Party in the general elections. By winning three of the six opposition seats, its fate in Grenadian politics was sealed. In the past, its project had been limited to the removal of Eric Gairy from power. Now, its growing popularity would allow it to become the source of fundamental change.

However, Eric Gairy was a formidable foe who utterly disregarded the democratic process of the Westminster Parliamentary System by altering the rules of politics in his favor. For instance, during thirty-eight months, Parliament met only nineteen times or seventy days.[63] In a vehement onslaught against the growing opposition, Gairy sought through censorship of newspapers to quiet the voice of the NJM. But,

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[62]Ibid.

[63]W. Richard Jacobs, "Grenada: on the road to the people's democracy" in World Marxist Review (September 1980): 65-69.

all in all, his efforts failed to put a stop to the growing popularity of the NJM.

Undaunted, the NJM continued its efforts to rid Grenada of Gairyism. But, Gairy reacted with unprecedented terror and violence. He utilized the state police, the military, and his famous "mongoose gang" to rain terror on the people. Public floggings and beatings in the market square were not uncommon, now was the arbitrary victimization of innocent Grenadians.

Amid this wanton disregard for the human spirit, spurred by violence and brutality, the Grenadian people found the virility and strength to undertake their own social transformation. On March 13, 1979, came a coup d'etat, an insurrection or, as some called it--HOPE!

> Freedom come, Gairy go.
> Gairy gone with UFO![64]

To Grenadians who had turned out jubilantly in the street of St. Georges and across the entire island, and to historians, this was indeed a repeat of when "on the dawn of the 18th of March, Paris arose to the thunder-burst of 'Vive la Commune!'"[65]--at a time when the proletarians of Paris--amidst the failures and treason of the ruling classes, understood that the hour has struck for them to save the situation by taking into their own hands the direction of

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[64]Kai P. Schoenhals and Richard A. Melenson, Revolution and Intervention in Grenada (Boulder: Westview Press, 1985), 23.

[65]Quoted from Eugene Kamenka, ed., The Portable Karl Marx, (New York: Penguin Books, 1972), 509.

public affairs..."[66] There was no doubt that the insurrection and successful overthrow of Eric Gairy were popular with the people.

All facets of Grenadian society joined in the celebration. The civil service, the Chamber of Commerce, and even the Governor's Guard pledged loyalty to the Peoples Revolutionary Government (PRG), emphatic support for the task ahead was then unquestioned. Camera Jeronimo in an interview with Maurice Bishop referred to the revolution as:

> a manifestation of the world-wide liberation process, an instance of abolition of colonial rule and growing resistance to the neo-colonial policy of imperialist monopolies.[67]

From its inception as the political machine of the revolutionary movement, the People's Revolutionary Government followed a democratic socialist path to development. Bishop claimed that the revolution was at "the national democratic stage"[68] with a "national democratic socialist orientation"[69] at its core. However, it is important to note that when the 1973 manifesto of the Party is reviewed, there is no indication of a socialist theme.

The PRG chose a "non-capitalist path" to development. Although a claim can be made that the PRG adopted a Marxist-

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[66]Ibid.

[67]Camera Jeronimo and Maurice Bishop interview, "Grenada has Chosen its Road" in World Marxist Review 25 (1982): 65.

[68]Ibid.

[69]Ibid.

Leninist ideology intellectually, Ambursley and Cohen noted in their analysis that the theory of non-capitalist development is not of Marxist-Leninist origin.[70]

It is surprising the number of Third World nation-states that have recently followed this path and have equated it with Marxism-Leninism. It is, perhaps, worth noting that:

> Marx and Engels theoretical progress on the bypassing of capitalist development in Russia during the 1880s envisaged this process as taking place only under proletarian hegemony and linked to a proletarian insurgency in the enhanced capitalist countries of Western Europe.[71]

Although it is possible to find suggestions of Marxist philosophy in this theory, traditional Marxist ideology contains highly structured requirements for socialist transformation. For example, it has been suggested that:

> The conflict between developing forces of production and outmoded capitalist relations of production is the economic basis for socialist revolution. The conflict can only be reached by the direction of capitalism and the revolutionary replacement of capitalism by socialist relations of production.[72]

Marxist ideology holds that contention exists between the characteristics of production in society and how what is produced is privately appropriated. The implication of this theory is that the working masses, hampered by their lack of ability to participate in the spoils of their labor,

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[70]Ibid.

[71]Ambursley and Cohen, 7.

[72]Quoted from (unknown author), Leninist Theory of Socialist Revolution and the Contemporary World (Moscow: Progress Publishers, 1978), 12.

perpetually receive inconsequential remuneration that prevents comfortable existence. To effect change which must come from the waged working class, a socialist revolution is necessary.[73]

In neo-Leninist philosophy, though, true change hinges on two basic factors: (1) the economic viability of the nation and (2) the rigidity of the class demarcations.[74] The failure of the bourgeoisie to respond effectively to the plight of the working class is sufficient impetus to effect insurrection. In all revolutionary situations, these conditions are almost always followed by increased political activity by the masses.

Although these objective conditions are an integral part of physical revolution, the subjective psychological awareness by the masses is also significant. Thus, with a well-organized political party spearheading change, the working classes can become highly agitated and motivated.

L. Leontyev points out that:

> The replacement of capitalism by socialism means a radical organization of all spheres of social activity, ranging from conditions of material production which is the basis of the existence of society to the highest sphere of human consciousness, science, and culture.[75]

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[73]"The Communist Manifesto" in Eugene Kamenka, ed., The Portable Karl Marx (New York: Penguin Books, 1983), 203.

[74]Lenin, 94.

[75]L. Leontyev, Political Economy (Moscow: Progress Publishers, 1974), 120.

An examination of the processes of this replacement implies that the decrees of the proletariat are omnipotent, and the revolutionary party responsible for effecting change becomes the vanguard. In socialist terms the non-capitalist mode of production[76] would become the dominant means of achieving prosperity.

In almost all Third World nations that have experienced some degree of revolutionary change, a reorganization of the economy to improve the living conditions of the masses has assumed the highest priority. For many of these emerging states, as previously pointed out, agrarian production is the main contributor to their economic survival. This attempt at structural reorganization becomes the precursor to take-off.

Aside from agrarian reform, revolutionary regimes in power attempt to facilitate improvement in the living conditions of the masses though programs of rapid industrialization. Although the merits of this approach are questionable, especially in nations with limited natural resources, the hope is that this process will stimulate cultural renovation supporting the basic tenets of a socialist orientation.

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[76]A mode of production is defined by Clelland and Dunaway as an abstract, timeless theoretical entity characterized by particular class relations. It is structured around economic, political, and ideological dimensions that simultaneously interact and are relatively autonomous from each other. Donald Clelland and Vilma A. Dunaway, Demystifying the Western Civilization Projects: A Survey and Critique of Theories of Development, forthcoming, 1990.

To achieve any measure of development, given the magnitude of socialist transformation, Clive Thomas argues that a nation adopting the non-capitalist path must not only free itself from foreign encroachment in its internal affairs but must develop alliances that support a high degree of nationalism.[77] In addition, there must be:

1. nationalization of foreign-controlled industries,
2. reorganization of the agrarian sector of the economy,
3. a trend to terminate the control of domestic productivity by a small group of people,
4. a need to broaden the economic bases of the society so as to lessen dependence on agriculture,
5. a non-aligned anti-imperialist foreign policy, and
6. insurance of the democratization of all aspects of social life.[78]

Thomas further argues that to facilitate these conditions contradictions must exist in all aspects of life, and they must be accompanied by anti-capitalism and anti-colonialism sentiments.

Although some of these conditions did not exist in the Caribbean political economy as a whole, nations taking an alternative path to development chose the non-capitalist ideology. Its acceptance was spurred by the malady of underdevelopment. In addition, its proponents viewed it as an

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[77]Quoted from Clive Y. Thomas, "The Rise of the Authoritarian State in Peripheral Societies," Monthly Review Press (1984): 23.

[78]Ibid.

anti-imperialist, anti-American stance and this is what became eventually the rallying point for its adoption.

It would not be unfair to say, though, that on occasion the wisdom of initiating this process has been questioned. Tony Thorndike claimed that in the transitional phase when objective expectations are not realized in newly socialized states, shortcomings are blamed on the socialist orientation rather than on the colonial experience; and the transformation process becomes vulnerable.[79]

Yet, the non-capitalist path has become extremely popular with radical political leaders in the Caribbean. This is so despite numerous criticisms and major contradictions in its theoretical foundations. Thorndike claims that the Caribbean intelligentsia leaned toward the process because it supported a "broad class alliance" that was imperative for its success.[80] But, Thomas argues that the ruling intelligentsia ran the risk of seeing themselves as the "real representative of the national interest which undoubtedly would create a regime akin to a military-bureaucratic authoritarian state."[81] A more damning criticism, though, lay in the contention that the non-capitalist path was "politically and

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[79]Tony Thorndike, Grenada: Politics, Economics, and Society (London: Francis Painter, 1985), 22.

[80]Ibid.

[81]Ibid.

historically inappropriate for West Indian society."[82] In defiance of these contradictions and against insurmountable odds, the Peoples Revolutionary Government sought to create a better life for its people.

## Socialism and Development: An Analysis of the Political-Economy of the PRG 1979-1983

> The process of modernization begins with peasant revolutions that fail. It culminates during the twentieth century with peasant revolutions that succeed.
>
> Barrington Moore

Revolutions in the Third World have resulted largely from peasant and worker mobilization. Unlike the revolutions that create capitalist societies, socialist revolutions are accompanied by upheaval and a total reorganization of the society. Political and economic institutions of the unresponsive past are vehemently challenged.

Vacillations in the ranks of the ruling junta and its increasing violence against members of the opposition party made the March 13 insurrection in Grenada a necessity. The coup was almost bloodless; and from all accounts, the PRG gained control of the reins of government in less than half a day. The capitalist world was appalled that the constitutionally elected government of Eric Gairy had been overthrown.

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[82]Ibid.

The United States viewed the radicalism of the new government with distrust and saw the coup as a Cuban ploy that marked the beginning of socialist infiltration into the English speaking Caribbean. The region's geographic location not only made it a vital strategic concern but its warm, deep seaports could conceivably accommodate military forces of opponents in the Cold War. Charlie Cobb claims that "the realities that led to Gairy's ouster were discussed and the Bishop government was viewed as hostile and dangerous to U.S. interests."[83]

The NJM, on behalf of all the Grenadian people, justified their revolution by saying:

> [it was] forced upon us by the making of our newspapers illegal, by the refusal of permission to use loudspeakers, by the refusal to permit us to hold public meetings to demonstrate, and so on...in these circumstances it was necessary to call upon the people to respond.[84]

But the main act that precipitated the revolution was the ordering of the arrest and assassination of the NJM's leadership by Eric Gairy who, to counter any suspicion of complicity in this diabolical scheme, left for unknown reasons for New York.[85]

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[83]See Charlie Cobb, "Securing Independence: Grenada Faces 'Massive Resistance' from the U.S." in Transafrica Forum 1 (1982): 89.

[84]Anthony Thorndike, Grenada: Politics, Economics and Society (London: Francis Painter, 1985), 55. Statement made by Bernard Cord, the deputy prime minister.

[85]See Payne, Sutton, and Thorndike, 1-17.

Despite intra-regional condemnation, the mood in Grenada among the people was described as "jubilant with a carnival spirit."[86] This meant that not only was the insurrection legitimized by the people but, despite years of frustration, the people's power had been returned:

> Crowds of people descended on the police stations armed with implements such as crude knives and cutlasses. Citizens helped the PRG soldiers capture members of Gairy's secret police, while women cooked vast quantities of food for the revolutionary forces.[87]

Despite the more publicized examples of warrantless imprisonment, torture, and even death suffered by persons opposing Eric Gairy's rule, some have viewed the NJM actions as a variation of the political control to which Grenadians had been accustomed.

Ambursley claims that the PRG represented a new Grenadian Bonapartism--that despite its democratic claims like Gairyism it was another form of "oligarchic rule."[88] To the people, change was welcome. It represented not only hope for a better life but also a willingness to uphold democratic principles so necessary for development.

The Grenadian revolution was, in effect, a conscious challenge to the political status quo and, more importantly, a challenge to the long neglect of the economic well-being of

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[86]Thorndike, 55.

[87]Ibid.

[88]Ambursley, 192.

the nation. The PRG addressed not only social and welfare issues but sought through mass education and decisive economic policies to bring the people into the decision-making process of governing. Jay Mandle claims that "the real popularity of the PRG lay with their commitment to providing the rudiments of a welfare system that included mass participation."[89]

The fully participatory nature of its governing gained the PRG wide popular support. This "market-square" type politics, which opened doors previously locked to the average citizen, was unique in the region.

There is no doubt that Grenada's historical dependence was to a degree alleviated during the PRG's reign. A cursory glance at the World Bank and International Monetary Fund's report on the economic performance of the island bears this out. Not only were positive growth rates recorded from 1979 to 1982 (see Table 3.4) but industrial output, especially in the construction sector, surpassed expectations. In addition, inflation rates plummeted and unemployment figures in the period were phenomenally low as compared to the island's previous performance.[90]

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[89]Mandle, 45.

[90]See the International Monetary Fund Report on Grenada, Washington, D.C., 1983.

Table 3.4

Grenada Gross Domestic Product (GDP)
(for selected years only)

| 1979 | 1980 | 1981 | 1982 |
|---|---|---|---|
| 2.1% | 3% | 3.4% | 4% |

Source: Claremont D. Kirton, "Public Policy and Private Capital in the Transition to Socialism: Grenada 1979-1983" in Social and Economic Studies 37 (1988): 128.

The PRG's commitment to social and economic development could not be questioned. Kirton notes that "one-third of the government's annual recurring expenditure, on an average, was allocated to the improvement of health and education facilities."[91] To many Grenadians, though, the subjective appeal of the PRG was more significant. It became the embodiment of aspiration against despair.

In the Caribbean, despite the rumblings of disapproval from the elitist strata of society, the PRG and its socialist-oriented regime provided a new model of government--one in which the idea of freedom took precedence. For many the party was essentially engaged in building a new democracy--one that would generate a high level of "closeness and collaboration"[92] with the people.

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[91]Claremont D. Kirton, "Public Policy and Private Capital in the Transition to Socialism in Grenada 1979-1983," Social and Economic Studies 37 (1988): 128.

[92]Ibid., 129.

The first task addressed by the PRG was a total reorganization and revamping of the economic infrastructure of the island. The hope was that by stimulating private capital and attracting non-coercive foreign investment, the second task of social and political reconstruction would be made easier.

As early as 1977, while the NJM was still in its infancy, Maurice Bishop described the type of society he envisioned for Grenada:

> Socialism is the future we would like to see in Grenada. At present, the most backward form of capitalist exploitation exists in Grenada. We have to remember that Grenada--with its small territory, high unemployment, great poverty and misery, with all its commercial ties to imperialism, and with a profoundly repressive government must accomplish democratic advances in step with the march of the countries of the region.[93]

But high ideals and principles can become only empty rhetoric if political movements are not backed by the people. To forge a new democracy not only requires this, but the people must have confidence in the new government. The PRG knew these things full well.

Once secure, the PRG began to "revamp" the economy. Economic policy planners recognized how dependent the Grenadian economy had become. To overcome this problem, the PRG decided to return to an open, mixed economy--albeit socialist in orientation. Additionally, the telephone and electric power companies were nationalized. Bishop also

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[93]Ibid., 59.

advocated the appropriation of some land and business property, for example, hotels that were owned by Gairy.[94]

Important to Bishop's entire approach to the stimulation of the Grenadian economy was open competition between private and public enterprises. The objective was to prevent the development of monopolies whether governmental or private. Payne notes, however, that "through the auspices of the Marketing and National Importing Board, Cuban cement was purchased at below cost price."[95] Thus, the beginning of contradictions in the PRG reorganization and policies was becoming visible. (See Table 3.5.)

Table 3.5

Gross Domestic Investment 1980-1983
(in millions of 1980 U.S. dollars)

| | 1980 | 1981 | 1982 | 1983 |
|---|---|---|---|---|
| Gross Domestic Investment | 20.7 | 32.1 | 37.4 | 31.7 |
| Public | 13.7 | 25.7 | 32.9 | 29.5 |
| Private | 5.8 | 5.0 | 3.9 | 3.5 |

Source: Jorge Heine, A Revolution Aborted (Pittsburgh: University of Pittsburgh Press, 1990), 94.

However, a more significant contradiction was inherent in its economic policies. The predominant philosophy was one of democratic centrality which not only advocated tight state control over the economic institutions and structures but also

[94]Payne, Sutton, and Thorndike, 22.

[95]Ibid.

considerable governmental power over what commodities were imported into the country. These policies, by 1981, led to a considerable decline in private sector investment.[96]

In addition, the problems of a state controlled economy, especially one as fragile as the Grenadian, were further exacerbated by a decline in agricultural export earnings. In fact, there was a significant decline in earnings by 1983 when compared to earnings in 1978 as illustrated by Table 3.6.

Table 3.6

Volume and Value Indexes of Earnings
of Grenada's Principle Exports 1978-1983

| Year | Exports Cocoa | Nutmeg | Bananas |
|---|---|---|---|
| 1978 | 19.61 | 91.5 | 9.09 |
| 1979 | 27.08 | 95.0 | 10.09 |
| 1980 | 18.24 | 100.0 | 11.10 |
| 1981 | 19.07 | 84.1 | 10.03 |
| 1982 | 12.48 | 70.9 | 8.90 |
| 1983 | 16.21 | 56.8 | 8.47 |

Source: International Monetary Fund: International Financial Statistics (1984), 37.

[96]Ibid., 22. Payne claims that private sector investment fell by 25 percent by 1981. To counteract this, Cord made tax reductions and concessions available to companies, whether Grenadian or foreign, that would invest in approved activities.

But, despite this decline in revenue, the PRG continued to pursue social and welfare reconstruction. Archer claims that "the national budget showed large increases in current account spending despite economic stagnation."[97]

To curtail this growing economic lag, increases in capital availability were aggressively pursued so that liquid funds could be utilized for investment projects. In 1981, the National Development Bank loaned over $750,000 EC for almost 200 local projects. By 1982, the loans had increased to about 1.5 million dollars and about 238 projects.[98] Yet, by 1982, despite these efforts significant deficits resulted from Grenada's importing approximately EC$150.9 million per month of goods and exported only about EC$50 million per month. This represented a decrease of five percent from the previous year.[99]

Despite the bleak picture that this "red ink" created, a significant pattern of growth was recorded in major sectors of the economy. This is evident by the statistics presented in Table 3.7.

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[97]Edward Archer, "Gairyism, Revolution, and Reorganization: Three decades of Turbulence in Grenada" in The Journal of Commonwealth and Comparative Politics 23 (1985): 183.

[98]Payne, Sutton, and Thorndike, 22.

[99]Thorndike, 107.

Table 3.7

Grenada's Gross Domestic Product
by Industrial Origin 1980-1983
(in millions of 1980 U.S. dollars)

| Item | 1980 | 1981 | 1982 | 1983 | Growth Rate % |
|---|---|---|---|---|---|
| Agriculture | 14.8 | 16.5 | 14.4 | 16.2 | 2.3 |
| Manufacturing | 2.0 | 2.1 | 2.4 | 1.9 | -1.3 |
| Construction | 3.7 | 6.6 | 9.7 | 9.7 | 20.0 |
| Housing | 4.5 | 4.5 | 4.9 | 4.9 | 2.2 |
| Government Services | 14.8 | 14.9 | 15.0 | 15.0 | 0.3 |
| GDP per Capita | 74.5 | 83.2 | 82.5 | 79.8 | 1.7 |

Source: Wallace Joefield-Napier, "Macro-Economic Growth Under the PRG: An Assessment" in Jorge Heine, A Revolution Aborted (Pittsburgh: University of Pittsburgh Press, 1990), 92.

David Lewis notes that this economic growth was due to the liberal lending policies of the Grenada Development Bank which was able to raise over one million EC dollars in assets;[100] and thereby stimulated both private and foreign investments. In addition, by 1982 foreign banks were gaining confidence in the PRG and this increased the flow of revenue, illustrated by Table 3.8.

With the increased inflow of capital, the PRG, recognizing the importance of innovative projects to enhance the living conditions of its people, undertook bold reconstruction projects ranging from agricultural redevelopment to school construction. In addition, several ongoing projects were maintained. (See Tables 3.9 and 3.10.)

[100]David E. Lewis, "Reform and Revolution in Grenada 1950-1981," Edicion (Havana: Maria Thores Ortega, 1984): 163.

Table 3.8

1982 Grants and Foreign Loans
(in U.S. dollars)

| | Central Government | | Rest of Public Sector | |
|---|---|---|---|---|
| | Grants | Loans | Grants | Loans |
| Caribbean Development Bank | 0.96 | 1.07 | .06 | 1.8 |
| Grenada Development Bank | 1.11 | 1.48 | -- | 0.66 |
| Cuba | 10.45 | -- | -- | 1.63 |
| OPEC | -- | 1.85 | -- | -- |

Source: David E. Lewis, "Reform and Revolution in Grenada 1950-1981," Edicion (Havana: Maria Thores Ortega, 1984): Appendix A.

Table 3.9

Major New Projects Undertaken by PRG
(Cost in $U.S.)

| Item | Total Cost (000) |
|---|---|
| Banana Development Program | 1,112 |
| Corinth Central Cocoa Fermentary | 1,408 |
| Corricou Hospital | 1,061 |
| School Construction | 1,767.6 |

Source: David E. Lewis, "Reform and Revolution in Grenada 1950-1981," Edicion (Havana: Maria Thores Ortega, 1984), Appendix.

Table 3.10

Cost of Projects Undertaken by PRG
(Cost in $U.S.)

| Item | Total Cost | External Source | Revenue |
|---|---|---|---|
| Primary School Construction | 194 | 194 USAid/CDB | Grant |
| Low Income Housing | 3,185 | 1222 Cuba | Grant |
| Main Road Construction | 3,085 | 1604 OPEC | Loan |

Source: David E. Lewis, "Reform and Revolution in Grenada 1950-1981," Edicion (Havana: Maria Thores Ortega, 1984), Appendix.

Through private sector stimulation, co-operative ventures were undertaken as a developmental strategy. The idea was to increase local production of basic food to reduce the growing dependence on foreign imports. In May 1981, there were some nineteen of these cooperative establishments.[101]

Although it can be argued that significant economic advances were attained, objective conditions continued to plague developmental policy. In the first place, the economy was preponderantly dependent on export agriculture. Thus, it was subject to vacillations in the world market. A second major concern was the problem of land mass. Grenada's small size supported a gross domestic product of $113 US million in 1981.[102] This, no doubt, affected the standard of living of workers under the PRG.

[101]Ibid., 172.

[102]Ibid.

The Peoples Revolutionary Government sought development not only by attracting external capital but also by local infra-structural improvement. Aside from attempting to check the critical depletion of internal capital and foreign reserves, the government undertook improvements in public service, such as telephones, water, sewage, public transportation, and internal feeder roads for easier accessibility to the interior of the country. But, by far, its most important progress was made in the areas of public health and education.

The creation of a national health care system and an educational system free to all Grenadians through the secondary school level was a major goal of the PRG. Consider that in:

> 1978, the last year of Gairy, 70 percent of the health care budget was spent on the upkeep of 3 hospitals which attended to about 25 percent of the sick. And only 30 percent was spent on the upkeep of health centers around the nation, where the majority of the people went for medical attention.[103]

By 1980, free basic medical care was available for almost one-third of the population.[104] (See Table 3.11.)

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[103]Marcus and Taber, 108.

[104]Payne, Sutton, and Thorndike, 26.

Table 3.11

Selected Health Indicators

| Year | Hospitals | Health Centers | Personnel MDs | DDM | Nurses | Infant Deaths per 1000 live births | |
|---|---|---|---|---|---|---|---|
| 1978 | 3/328 | 32 | 26 | 4 | 169 | 1946-1950 | 79 |
| 1980 | 3/327 | 33 | 39 | 6 | 225 | 1960-1969 | 53 |
| 1981 | 3/320 | 33 | 38 | 7 | 337 | 1970-1980 | 24 |
| 1982 | 3/320 | 33 | 37 | na | na | 1979-1983 | 18 |
| 1983 | 3/320 | 33 | na | na | na | | |

Source: Frederic L. Pryor, Revolutionary Grenada: A Study In Political Economy (London: Praeger Press, 1986), 149.

In the area of education, Bishop's program concentrated not only on the eradication of illiteracy but on making available to all facets of the population educational opportunities previously denied. Bishop declared that "we must use the educational system and process as a means of preparing the new man for the new life in the new society we are trying to build."[105]

Accordingly, the government embarked on a total reorganization of the educational system. One of its first projects was a revamping of the teachers training program. It established the National In-Service Teacher Education Program with the idea of retraining instructors, many of whom under Gairy lacked basic teaching skills. A second, more important, endeavor was the Center for Popular Education which, by its various mass programs, made thousands of Grenadians

[105]Marcus and Taber, 47.

functionally literate. The government's commitment to education and health improvements was evident when, in 1982, 22 percent of its budget and, in 1983, 14 percent of the recurring budget was allocated to these areas. Thorndike claimed this was the highest proportion spent in any Caribbean nation.[106] Table 3.12 illustrates this growth in educational opportunity.

Table 3.12

Education: School Population for Selected Years

| Years | Primary School | Secondary School | Population aged 5-14 | % of Population |
|---|---|---|---|---|
| 1970-1971 | 30,522 | 3,230 | 31,320 | 107.8 |
| 1978-1979 | 22,861 | 6,050 | | |
| 1980-1981 | 21,499 | 5,253 | 23,489 | 113.7 |
| 1981-1983 | 20,284 | 6,441 | | |

Source: Frederic L. Pryor, Revolutionary Grenada: A Study in Political Economy (London: Praeger Press, 1986), 154.

Aside from these social improvements, the PRG undertook development in other areas, such as trade union reform and housing repair and improvement. Through the National House Repair Program monies were made available to repair and construct houses. Additionally, in keeping with the spirit of socialism, volunteer labor and cooperation among the masses were not unusual.

[106]Statistical figures taken from Payne, Sutton, and Thorndike, 26-27.

Finally, in keeping with its socialist orientation and recognizing that this revolution was orchestrated for the people and by the people, the PRG encouraged labor organization. During the "first six months of the coup, membership rose from 30 to 80 percent."[107] Bishop also called for increasing the organized labor force by encouraging the participation of women. He not only proposed to eliminate the insecurity and exploitation of one particular segment of the population but also advocated the axiom of "equal pay for equal work" which indeed became representative of the PRG's commitment to a true socialist revolution.[108]

Yet, these social amenities would be meaningless without a sound economic foundation. The PRG's programs of stimulation discussed previously not only had far-reaching social effects, but also created the environment needed to support a take-off economy. First among their achievements was a drastic drop in the unemployment figures. By the time of the revolution, by conservative estimates, Grenada had an unemployment rate of approximately fifty percent. By "early 1982, it had fallen to 14 percent and was estimated to be about 10 percent by 1983--overall 3,500 jobs were created in over four years."[109]

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[107]Ibid., 31.

[108]Marcus and Taber, 26-27.

[109]Payne, Sutton, and Thorndike, 23.

Additionally, the government embarked on an ambitious program of agricultural reorganization with the aim of autonomous and self-sustaining food production. By the end of 1980, local plants were processing fish caught locally for domestic consumption, and others were involved in the primary processing of locally grown vegetables and fruits with some being marked for abroad. The immediate success of the reorganization program was visible in the over 300 percent increase in revenues gained from these ventures. Between 1981 and 1982, revenues increased from $1.5 EC million to $4.5 EC millions.[110]

The pragmatic economic policies undertaken by the Revolutionary Government to achieve development culminated in a massive program to construct a major international airport. Although this was interpreted as a military endeavor by the United States, the PRG maintained that the project was undertaken to enhance its tourist industry. With this in mind, the PRG sought to attract foreign investment with the idea of increasing the number of hotels on the island.[111] An argument was made, though, that the PRG was unwilling to contribute economic assistance toward improvement of the tourist industry, which indeed made recovery rather sluggish.[112]

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[110]Ibid.

[111]Pryor, 101.

[112]Ibid.

Although these macroeconomic achievements were impressive, considerable attention has been paid to whether or not the average lives of Grenadians were improved. It appears that little improvement was made in closing the gap between the income of farm owners and the landless laborers.[113] In fact, Joefield-Napier remarks that "the biggest gain in aggregate income accrued to top functionaries within the PRG."[114] This has led Pryor to conclude that despite the economic gains claimed by the PRG, the working poor did not share in the improvements in the economy; and this fact may have "acted to undermine the PRG's political legitimacy."[115] Hudson Austin remarked on the general welfare of the population: "comrades are saying that at the end of five years they are not materially better off."[116]

Too often states are apt to report only their successes. Often, in emerging nations, success is achieved only in macroeconomic performance, often due to state intervention. Often, macroeconomic gains require decades before they can be profoundly felt among the general population. To attain legitimacy, the PRG fell prey to economic deception.

According to Joefield-Napier, in 1979, the average rate of inflation as computed by the consumer price index was about

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[113]Heine, 100.

[114]Ibid., 101.

[115]Pryor, 205-206.

[116]Ibid., 212.

12.4%. By 1980, the rate had sky-rocketed to about 21.2%.[117] This translated into a decrease in the purchasing capabilities of the poor working class.

Although these negative indicators might sway one to believe that the PRG did not have the support of the people, its ability to mobilize the masses and be responsive to their needs as indicated through its social programs attested to its continued viability. The government not only instituted an open door policy but, in its quest for the eventual achievement of full-participatory democracy, initiated other political reforms as well.

Despite the increasing economic difficulties encountered, the PRG continued to develop its socialist orientation. Its aim was not only to reduce dependency on the capitalist mode of production but also to attain via socialist ideals self-reliant democratic development.

To accomplish this, the aid of government workers and large segments of the public was elicited. Classes on socialist ideals were taught, and the PRG campaigned to increase socialist party membership by establishing various youth organizations. All members of the working class were encouraged to join the PRG.

In sum, the most important lesson arising out of the PRG's project in Grenada is that socialist transformation is a complex and difficult process in small dependent states.

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[117]Heine, 101.

Although there was a commitment to improving the quality of life of the people and to a degree improvement was attained, the vanguard party ignored several fundamental criteria both internally and externally. As a consequence "of the inadequacies in the PRG's mechanism, many of [Grenada's] economic and social problems remained unresolved--and as these persisted, their correction became increasingly more complex."[118]

There is little doubt that the PRG was committed to a socialist transformation, and it is certain that the lives of Grenadians were improved. Yet, in October of 1983, amidst reports of gross human rights violations by the PRG and the homicide of Maurice Bishop by members of the NJM, the United States invaded Grenada with a declared objective of restoring democracy according to the Westminster tradition.[119] It is noteworthy that the same system that some argued had degraded the island's polity was now looked upon as a corrective mechanism.

## Conclusion

When the New Jewel Movement overthrew the corrupt, constitutionally-elected government of Eric Gairy on March 13, 1979, one person died; and the people took to the streets in jubilant fervor to celebrate. For many this was reminiscent

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[118]Heine, 97.

[119]Ibid., 185.

of D-Day--liberation had come. Freedom came to a nation that was shackled to unending poverty, uneducated, in bad health, and subjected to the often violent swings of terror unleashed on them by Eric Gairy.

Subsequently, Grenada's economy had achieved a positive growth rate of about 4 percent in 1982, and its inflation rate fell to about 5 percent in 1983.[120] These macro-economic gains translated into improvements in the standard of living of the Grenadian population. The population was better educated, in better health, better fed due to increased food production, and wealthier due to government-guaranteed prices for agricultural commodities produced locally. Additionally, unemployment fell to new lows; and food prices declined drastically.[121]

In October 1983, the United States declared Grenada a threat to its strategic interest; and on the pretext that American citizens on the island were in danger, unleashed its military might on the once unimportant, unknown, tiny spice island.

Grenada was basically no different from any other Caribbean nation struggling to develop amidst limited natural resources. But philosophically, Grenadians embraced ideological affiliations with the arch enemy of the free world--socialism--to improve their living standards. In doing

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[120]Kirton, 128-129.

[121]Ibid.

this, the nation became aligned with nations, such as Cuba, North Korea, and the Union of Soviet Socialist Republics. Thus, when dissension arose in the ranks of the PRG, the U.S. grabbed the opportunity; and the demise of socialism was inevitable.

It would be grossly inadequate to blame the demise of "democratic centralism" only on the U.S. intervention. An argument can be advanced that the ambitious projects undertaken by the PRG and its growing dependence on imports to satisfy basic needs portended failure. Additionally, a claim can be made that the disintegration of the revolution resulted in part from the constant indecision and bickering that had come to be much a part of the decision-making process in the PRG. And one can argue that the abolition of the parliamentary process was the immediate cause of the PRG's breakdown. Contradictions in the socialist projects of the PRG and internal discontent among the political participants caused underdevelopment to persist.

Yet, whatever argument one might be tempted to believe, it is clear that the PRG's leadership believed that "democracy is not five seconds in a ballet booth and five years of being a non-person."[122] Grenada was a project dedicated to "political and social experimentation."[123] The basic end was

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[122]Charlie Cobb, "Securing Independence: Grenada Faces 'Massive Resistance' from the U.S." in Transafrica Forum 1, no. 2 (1982): 93.

[123]Ibid.

to achieve development and to improve the lives of its people. But its ultimate goal was the attainment of political independence in a self-reliant atmosphere.

In 1979, amidst increasing social discontent, the NJM sought through revolution to bring change. Its inspiration, no doubt, came from Jamaica where, five years before, the Peoples National Party declared itself to be a "democratic socialist" party and appealed to the people to rally for their deliverance. To this development attention is now turned.

## CHAPTER IV

# THE DEVELOPMENT OF UNDERDEVELOPMENT: CAPITALISM AND SOCIALISM IN JAMAICA

## Capitalist Development

### The Colonial Period to 1930

The two decades following independence presented for Jamaica malevolent social, political, and economic challenges characterized by exorbitant inflation and unemployment rates and an increasingly restless populace. Michael Manley embarked on an ambitious scheme of social transformation. Yet, charisma and empty ideological rhetoric would not suffice in the quest for Jamaican development. For many, the problems of the island lay not just in its close ties to the colonial capitalist aura of days gone by but even more in the archaic present engendered by a growing petty-bourgeoisie class which held power.

About an hour by jet from Miami and a little to the south of Cuba, a sun-drenched hedonic island less than 144 miles long and approximately 49 miles wide basked in the cool tropical sun, warmed by blue Caribbean seas. To the avid traveler it represents a tropical paradise, blessed with imposing mountain peaks and fertile valleys. Yet, Jamaican society is a contradictory one. Beside affluent hotels and

expensive shops, poverty-stricken people live in shanty-towns where children play in ditches that drain raw sewage. Some have called this island, ironically, the "jewel of the crown."[1]

Jamaica was discovered on May 3, 1494, by Christopher Columbus for the king of Spain. The island remained in the possession of the Spanish Empire for over 150 years, but little attention was paid to its society or its development. The year 1655 marked change in ownership of the island from Spain to England. Unlike Spain, England embarked on a rigorous settlement program with the aim of developing the polity of the island. For the next two hundred years the island was an important contributor to the coffers of the British monarchy.

Sizeable trade existed between England and the West Indies, but plantations produced most of the wealth accrued by many British subjects. Plantation society had a largely agricultural base and a slave-driven economy. The major crop cultivated was sugar which, until abolition, remained the mainstay of the economy.

The freeing of slaves in the French and Danish colonies created the impetus for change in the British colonies. Arguments defending slavery were advanced by the estate owners. It was said that the Negroes were pre-destined to be slaves and that the economy built on slavery was viable.

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[1]Unknown source.

However, a system based on the inhumane exploitation of human labor was bound to fail in a world growing freer.

By 1830 slavery was proving to be more costly than had been anticipated. Cost overruns encountered in managing the plantation, coupled with the cost of putting down the numerous slave rebellions created an environment for change. Thomas argues that explanations of the inefficiency of a slave-driven economy were too apparent to be ignored. Still, for years:

> instead of trying to increase productivity by improving the efficiency of either the industrial or the combined factors engaged in production, [the plantation owners] invariably responded by merely acquiring more and more land, slaves, equipment, and machinery.[2]

Finally, however, in 1838 slavery was abolished whereupon free wage labor and open market competition became an integral part of the Jamaican economy. One of the immediate effects of emancipation was the advent of transitory labor which, together with falling world prices, brought about a decline in the economic importance of sugar, the major source of income for the colonies. Although natural disasters may have contributed to the falling prices, the immediate cause was open competition among the islands and the introduction of the sugar beet which undoubtedly sealed the fate of the plantation economy.

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[2]Clive Y. Thomas, The Poor and the Powerless: Economic Policy and Change in the Caribbean (London: Latin American Bureau, 1988), 31.

A second effect was that, inevitably, free slave labor moved to alternative means of improving their lot previously denied to them. By 1838 there was a massive move from estate lands to lands available in the mountainous region. Unfortunately, the terrain proved difficult to cultivate, which caused many free slaves to return to the estates. Finally, emancipation created a peasant class, largely poor, with no education and intimately aware of how dependent they had become. Being free did not necessarily mean that life improved.[3]

With the end of slavery, the destruction of the plantation system was assured. Although the institutions were removed, the mentality of the system remained. Resulting problems were further exacerbated by the return of numerous free slaves to the estates. To the former slave owners this development seemed to justify their position that "the Negro was best off as a servant of the higher orders."[4]

Aside from the economic upheavals created by the termination of slavery, political and social dilemmas now faced the "free" nation. The period was characterized by violent uprisings on the part of those who wanted land to be

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[3]For an excellent discussion of the effects of emancipation on the political economy of slavery, see Gisela Eisner, Jamaica 1830-1930, A Study in Economic Growth (Manchester: Manchester University Press, 1961), chapter 11.

[4]Samuel J. Horwitz and Edith F. Horwitz, Jamaica: A Historical Profile (London: Praeger Publishers, 1971), 121.

ceded to the landless.[5] Consequently, the socio-political fabric of the colonial society was threatened. The government of Jamaica, largely inconsequential in effecting change since control originated from London, was faced with housing shortages, bad health care, and a dispossessed people with little or no hope of altering their position.

To make matters worse, politics in the emancipated society revolved around the House of Assembly. Its members were predominately from the upper crust of society whose power was severely limited in effecting change. They were part of an emerging class structure in Jamaican society. Following emancipation, distinctive classes were developed. Jamaica's population was made up of a growing middle class, largely the offsprings of white and black unions who were employed as bookkeepers and housekeepers. They were sandwiched between a poor class, primarily former slaves, and a growing rich class--the owners of estates.[6] In effect, the poor resided with the rich.

Horwitz claims that Jamaica was "founded as a state enterprise,"[7] in which the plantation-style economy became the dominant mode of production. The estate owner was a prominent part of the new class structure. This was so not only because of the large amount of free labor but also because of the

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[5]Eisner, op cit.

[6]Ibid., chapter 9.

[7]Horwitz, 30.

significant position sugar held in the British market; and, finally, as Eisner claims, because of dependence on Europe to supply the bulk of consumption goods.[8] Consequently, London began to view the political interests of the estate owners as vital since, as an emerging power bloc, their influence would be needed if the poor masses were to be kept in check and the continued exploitation of the island was to proceed uninterrupted.

In 1865, this pattern of political development lead Queen Victoria to issue a decree granting political autonomy to the island. As an immediate outcome of this, the peasant class became more important. Programs had to be devised by the new "Crown Government" to alleviate their concerns. Programs aimed at social reconstruction were formulated and instituted. Although bargaining power of the peasant class was virtually non-existent, the recognition that severe problems could occur if the system proved unresponsive, spurred political action. By 1865, the Jamaican polity was far better off than most of its counterparts.

Despite attempts at change, the underlying philosophy remained that "blacks were utterly incapable of self-government--thus, if they came to rule the island, it would become a lawless republic like Haiti."[9] This philosophy

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[8]Eisner, chapter 9.

[9]See Gordon K. Lewis, The Making of the Modern West Indies (London: MacGibbon & Ker Publishers, 1968), 170.

provided the raison d'etat for slow development. Reform was also slowed by a decline in the number of estates following emancipation, which in turn translated into a decline in revenue available to the Crown Colony for welfare programs.

Despite the problems of the Crown Government, macro-economically, the progress of the peasant class was impressive. By 1930, the income derived from peasant holdings was almost equal to that derived from estate production.[10] Agricultural diversification occurred (from sugar to crops such as coffee and bananas) and peasant land holdings under fifty acres increased from approximately 2,000 in 1860 to over 180,000 in 1930.[11]

Fluctuations in the economic importance of sugar had adverse effects on the general welfare of the polity. Its decline in importance was accompanied by an increased peasant population. Disparities in the ratio of wage earners to agricultural worker became more and more visible; and by 1890, only about six percent of wages were derived from primary agriculture production.[12] With the decline in the importance of agriculture, income distribution became more progressive.

This in turn produced interesting patterns of consumption as an emerging society with a slave mentality attempted to respond to the growing importance (political and economic) of

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[10]Eisner, chapter 1.

[11]Ibid., 220.

[12]Ibid.

the new free peasant class. By the 1920s, not only were advances made in education but attention was focused on improving the health and employment opportunities of this class.

One significant socio-economic indicator of development is health care. Far-reaching advances were made in this area. Not only were facilities constructed to ensure proper disposal of sewage but diseases were attacked through public and personal hygiene awareness. Attempts were also made to increase the doctor per person ratio. By 1921, the doctor per person ratio was 1:6,129, a marked improvement from the 1:8,822 ratio in 1860.[13]

Despite the upswing in these social statistics by the 1880s, Jamaica was beginning to feel the pinches of an increased population growth rate which inevitably translated into an increasingly unemployed and unemployable work force. Increases in the unemployment rate were brought about not only by a lack of expansion in alternative industries but also by the diversification of a capital intense agriculture sector caused by falling sugar prices and a decline in the number of large estate holdings. Despite falling revenues, agriculture remained the chief employer of wage labor. By 1921 Eisner estimates "that over 50 percent of the working population were occupied in this area."[14]

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[13]Ibid., 134.

[14]Ibid., 353.

## The Formative Years 1930-1950

In the 1930s, with over 90 percent of its revenue derived from the production of sugar, Jamaica did not escape the Depression's wrath.[15] Ransford Palmer concludes that by 1934 the price of sugar had fallen catastrophically low.[16] Thus, at a time when discontent ran high internationally, Jamaicans rose up against an unresponsive political system. In essence, the cause of the disturbances was a growing discontent. Characteristic of the period, the Jamaican economy produced unemployment, low wages, declining health care, housing problems, and growing illiteracy.

Sporadic periods of labor violence laid the foundation for social, economic, and political changes which would emerge in the 1970s. This played an important role in developing the Jamaican political process which would become evident with the granting of universal suffrage and the new constitution of 1944.

The labor rebellions of the Depression era created an impetus for change; yet change would be slow in coming. Following the violent uprisings, the Crown convened the Moyne Commission which was sent from London to investigate and make recommendations to curb the violence and improve the polity of

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[15]For an ample discussion of the Jamaican economy during this period see Ransford W. Palmer, The Jamaican Economy (New York: Frederick A. Prager, 1968), 1-10.

[16]Ibid.

the recalcitrant nation. The Commission concluded that the Caribbean islands could not provide for their own development; thus, aid should be sent from London.[17]

The violent 1938 strike at the Frome Estate of the West India Sugar Company, which later spread to other estates throughout the island, was the impetus needed to persuade the British to grant aid.[18] By 1940, acts creating a Development and Welfare Organization were in place.[19]

By this time the second world war had erupted. Demand for the island's primary products dropped severely, causing a similar decline in revenue. Additionally, the island's banana crop was wiped out by disease.[20] The employment of Jamaicans improved somewhat as many found jobs in industries involved in war production. However, at the end of the war, the unemployment figures climbed to 30 percent as western countries tightened their emigration policies and displaced workers returned home.

The changing political mood in Jamaica, coupled with Britain's awareness that the demands for change were coming from the working class, caused W.A. Lewis to conclude that "the major issues discussed today are no longer centered on

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[17]Alan Burns, History of the British West Indies (London: Allen & Irwin, 1965), 711.

[18]Horwitz, 195.

[19]Ibid., 196.

[20]Palmer, 3.

the aspirations of the middle-class, but are working class demands."[21]

By 1945, Britain had contributed over 6.5 million pound sterling to offset the dilemmas faced by the Jamaican economy. Although some of the money was designated to be spent on developing social infra-structures, to improve the general welfare of the society, a major portion was slated for the reconstruction of the agricultural sector since Britain felt that therein lay the solution to the West Indian plight.[22] Although the 1945 loan was not the first British hand-out, it could be considered the start of modern Jamaican dependence.

By 1938 the Crown office had taken an active, positive role in protecting the rights of Jamaican workers. As early as 1938, a Shop Assistant Law was enacted which regulated the number of hours workers were allowed to work. Additionally, minimum wage laws were adopted.[23] The period also saw a revitalization of the plantation sector. This was significant in that it marked the beginning of American and British capitalist involvement in the Jamaican economy, from which the petty-bourgeoisie planter class would evolve. This class would later form the basis of the two-party hegemony that characterized much of Jamaican politics for the next four decades.

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[21]Horwitz, 206.

[22]Palmer, 3.

[23]Horwitz, 197.

Alexander Bustamante, a Jamaican money lender and union organizer, by asking for action "to prevent workers of all classes from being trampled upon as they [had] been in the past, like foot mats belonging to no one, not even the British Government"[24] emerged as the "Gandhi" of the Jamaican people. Norman Manley, leader of the PNP would declare that "Mr. Bustamante is Jamaica's leader, by the only test that matters--that is, the support and confidence of labor."[25]

By the 1940s, Bustamante and Manley had adopted differing points of view on the evolution of the Jamaican polity and parted ways. The two-party political process in Jamaica grew out of the rebellious trade unionism of the 1930s of which both Bustamante and Manley were an integral part. Although neither was of working class origin, both recognized the importance of the working class in any political project that might be undertaken. Workers rights and nationalism were of major concern to both.

The 1938 advent of the People's National Party lead by Norman Manley marked the beginning of the two-party process in Jamaica. Almost immediately, Bustamante convened the Jamaican Labor Party (JLP) incorporating under its umbrella the Bustamante International Trade Union (BITU). This calculated move by Bustamante caused his party to retain impressive leads and to be popularly elected as the vanguard of the working

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[24]Horwitz, 247.

[25]Ibid., 197.

class. The JLP's victory was significant for two reasons. First, it implied that voters were concerned with the eventuality of self-rule; and second, that they were more concerned with individual welfare improvements than with schemes aimed at full employment and maximum production or with philosophical promises based on collective idealism. This was so despite the first slogan adopted by the JLP: "self-government means slavery."[26]

As in many other emerging nations, nationalism--a sense of cultural oneness--became the rallying point for emerging political processes; and, Norman Manley would exploit it successfully. In the 1949 general election, the PNP won 43.5 percent of the votes, and the JLP 42.5 percent.[27] Stephens and Stephens claim that the open democratic political process "established the dominance of the two major parties [and that] the socialist slogan of the PNP caused a strange coalition between the black lower class and sectors of the white upper classes who viewed socialism as a lesser evil."[28] In effect, Norman Manley exploited the sentiments of the lower class because he recognized the immense power they were capable of wielding.

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[26]Evelyne Huber Stephens and John Stephens, Democratic Socialism in Jamaica (London: Macmillan and Co., 1986), 18.

[27]Ibid.

[28]Ibid.

The story of Jamaican socialism is the story of Norman Manley. A democratic socialist deeply devoted to workers' rights, flamboyant, witty and intelligent, he grew to be widely admired. He stood as a stalwart, a representative of the common man's fight against the forces of imperialism and exploitation.

Manley's PNP platform advocated programs of reconstruction that entailed tight government control of sectors of the economy via nationalization of foreign-owned industry. It also proposed that "all existing sources of light, power and irrigation be acquired by the state--and the control of the economy by the capitalist be terminated."[29] By 1944 these socialist precepts would be qualified by a commitment "not to revolution or Godlessness--but...to meeting the needs of the people."[30] In effect, he proposed programs of "better education and free and more, early available medical services, better provisions for the aged and heightened standards of living for all."[31] Additionally, Manley proposed that "all means of production should, in one form or another, come to be publicly controlled."[32] In Manley's words:

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[29]Earl Gooding, The West Indies at the Crossroads (Cambridge: Schenkman Publishers, 1981), 120.

[30]Ibid.

[31]Ibid., 121.

[32]Ibid.

> today there is one strange choice for Jamaica--either make up our minds to go back to crown colony government and be shepherded people...or have your voice and face the hard road of political organization...developing your own capacities, your own powers and leadership, and your own people to the stage where they are capable of administering their own affairs.[33]

The socialist ideology of the PNP almost assuredly caused its defeat in the general elections of 1944. At the time, sentiments against socialism ran high as a new world order was emerging out of the struggles against fascism and strong state control. The JLP was able to play on this and elicit the support of the Jamaican elite who were fearful of socialism. Socialism, in effect, represented to them a termination of the affluent lifestyle to which they had grown accustomed.

Consequently, the JLP embarked on a campaign aimed at discrediting proponents of socialism. Slogans using words associated with Marxism and Godlessness lauded aristocracy, and members of the privileged class took active roles.[34] According to Gooding, the years of relentless bickering between the PNP and the JLP caused the socialist party to adopt a conservative platform; but by 1952, "the PNP would achieve impressive success with efforts to gain a foothold among the working class."[35]

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[33]Richard M. Goodwin and Lionella F. Punzo, The Dynamics of a Capitalist Economy (Oxford: Polity Press, 1987), 120.

[34]Gooding, 121.

[35]Ibid.

The brand of socialism that Norman Manley adhered to could be identified as Fabianism--being social democratic in its origin. Its program, similar to that supported by the British Labor Party, called not only for state intervention in the economic management of the nation but more importantly programs aimed at uplifting the socio-economic position of the masses. Thus, equity in the distribution of social benefits was advocated.

The advent of socialism as a political force in Jamaican politics could be viewed as a result of the growing recognition of the disparities that the island's economic system, capitalism, perpetrated on the people. In its infancy its ideals were high and sometimes attainable.

Norman Manley stated:

> ...if you look a little below the surface you will find that the emphasis on political democracy has been designed largely to conceal from people the fact that there can be no democracy without an economic democracy...Democracy in a real sense must mean socialism.[36]

The idea that socialism and democracy were equivalent, coupled with social welfare programs made socialism a formidable force in the political arena.

Increases in world trade after the second world war characterized by increased trans-national penetration in the Jamaican economy offered the working class an opportunity to make a choice between capitalism, that was adhered to by the

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[36]Quoted from Keith, 213.

elected government, and socialism, proposed by the opposition. The poverty that dominated much of the Jamaican polity during that period and the increasing awareness that the "rich were getting richer and the poor were getting poorer" made the alternative system attractive.[37]

The blatant disregard for the poor and the visible increases of wealth accumulated by the rich as a result of increased demands for Jamaican exports added fuel to an already tense situation. In fact, the much-publicized industrial development that provided new sources of wealth and, thus, new opportunities for the people, was viewed as a "band-aid" solution to increasing welfare dilemmas. Unemployment, a growing unemployable sector, bad housing, and unresponsive health care facilities remained unchanged. Consequently, by 1950 the quality of life for the average Jamaican was clearly unimproved.[38]

In effect, the heightened economic activity which required greater foreign involvement in the Jamaican developmental process served only to increase a growing resentment against this new form of colonialism. The effect would be catastrophic for the capitalist-oriented Jamaican Labor Party and the elite structure it supported. To the masses, socialism appeared the lesser of the evils.

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[37]Carl Stone, Class, State, and Democracy in Jamaica (London: Praeger Press, 1986), 29.

[38]Ibid.

The extent to which capitalism was rejected and the quest for socialist transformation pursued will now be explored.

## Capitalism and Development: Pre-Socialist/Post-Independence Period 1950-1972

Seventeen years after Norman Manley declared at the end of his political career that "the mission of his generation had been to achieve the goal of political independence, the task of the next was to proceed to social and economic renewal,"[39] Jamaica was wallowing in excruciating poverty and troubled by sporadic but increasingly violent insurrections. In January 1985, the decision to increase the price of gasoline to $10.90J per gallon and the devaluation of the Jamaican dollar against U.S. currency proved detrimental to the newly elected government of Edward Seaga.[40]

The fury of the violence that erupted in 1985, in which seven people died, was as much a reaction to these events as it was a reaction to the joblessness and social decay that had come to permeate much of Jamaican society. Yet, to the masses, the "conventional political party system had failed in

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[39]Quoted from Rex Nettleford, Mirror, Mirror: Identity Race and Protest in Jamaica (Kingston: Collins and Sangster, 1970), 167.

[40]Payne discusses the relevance of this occurrence as part of the failure of the Seaga government to effect change. In the same twenty years of independence, the lot of Jamaicans had not improved. See Anthony Payne, "Violence and Protest in Jamaica," in Round Table 295 (1985): 256-262.

its attempt to promote development."[41] Edward Seaga's political death was inevitable. The first sign of a weakening in his leadership was his pathetic announcement to the people that "there is a future emerging in Jamaica, but one not without political pain."[42] In essence, he implored the people "to remember the future they were struggling for."[43] But amid empty bellies and hungry children, subsisting in an atmosphere where poverty meant a daily struggle for survival, Seaga's pleas fell on deaf ears.

The events of 1985 must not be interpreted as signs that no progress was being made. In reality, the politico-economic gains achieved in the 1950s and 1960s could be considered spectacular.[44] Not only did rapid industrialization occur but all sectors of the economy became increasingly productive. By far the most outstanding achievement of the period was independence from Britain.

The political gains accompanied by positive real economic growth produced an attractive environment for foreign investment. Consequently, the discovery of the world's richest reserves of bauxite-alumina stimulated massive

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[41]See Anthony Payne, Politics in Jamaica (New York: St. Martins Press, 1988), 32.

[42]Payne, "Violence and Protest in Jamaica," 256.

[43]Ibid.

[44]See Fitzroy Ambursley, "Jamaica: From Michael Manley to Edward Seaga" in Fitzroy Ambursley and Robin Cohen, eds., Crisis in the Caribbean (Kingston: Heinemann, 1983), 77.

industrial development. By the late 1960s, foreign ownership accounted for a major portion of Jamaica's Gross Domestic Product. This is illustrated in Table 4.1.

Table 4.1

Jamaica: Foreign Ownership of the Main Economic Sectors of the Economy (Late 1950s)

| Industry | Percent Foreign Ownership | Percent Contribution to Value of Export Receipts |
|---|---|---|
| Mining (bauxite) | 100 | 29 |
| Manufacturing | 75 | 8 |
| Financial Institutions | 66 | na |
| Transportation | 66 | na |
| Communications | >50 | na |
| Tourism | >50 | 19 |
| Agriculture | 40 | 22 |

Source: Adapted from Fitzroy Ambursley and Robin Cohen, eds., Crisis in the Caribbean (Kingston: Heinemann, 1983), 77 & 80.

Ambursley notes that:

> not only did foreign trade increase tremendously, but real growth through GDP rose significantly. Jamaica's national income increased 700% and overall average growth was 5-6 percent.[45]

Thus, the upward trend in economic achievement was impressive as Table 4.2 makes clear.

[45]Ambursley, 77.

Table 4.2

Jamaica: Phases in Real Economic Growth

| Years | Average Real Growth of GNP (%) | Capital Inflows (% of Current GNP Values) |
|---|---|---|
| 1953-1957 | 10.2 | 6.9 |
| 1958-1962 | 3.4 | 2.8 |
| 1963-1966 | 6.1 | 5.1 |

Source: Fitzroy Ambursley and Robin Cohen, eds., Crisis in the Caribbean (Kingston: Heinemann, 1983), 78.

To the untrained eye, Jamaican society seemed to be on its way to achieving real economic progress by means of "industrialization by invitation" which had been advocated by the bourgeoisie economist, W. Arthur Lewis. However, a cursory glance at the literature on the Jamaican phenomenon indicated that despite macro-economic gains, the lot of Jamaicans did not improve. In 1968, the island sustained an overall growth rate of five percent yet returned an unemployment figure of some 24 percent.[46] Stephens noted this was so despite improvements in the level of capital stocks and national income increases.[47] In effect, the economy failed to achieve self-sustained economic growth and made no improvement in the level of unemployment.[48]

[46]Stephens and Stephens, 21-31.

[47]Ibid.

[48]Ibid.

Political economists have advanced several explanations for this phenomenon. The most appropriate is that the industrial advances were capital intensive; thus, increases in employment were minimal.[49] Additionally, almost all domestic industrial advances were controlled by an elite bourgeois class consisting of only five percent of the population. The currency flow derived from profits in the Jamaican economy was unavailable for redistribution. Hence, little or no improvement in the stimulation occurred.

A second major problem was that the Jamaican government supported the bourgeois capitalist Puerto Rican model of development. The success of this plan lay in its ability to attract foreign investors. Thus, the government not only under-taxed foreign industries but negotiated royalties that to the average layman might have seemed ridiculous.[50] In fact, Ambursley claims that the industries' "high foreign exchange content payment to the Jamaican economy was considerably less than its domestic value added as a share of the GDP."[51]

Despite visible economic gains, the Jamaican economy was still underdeveloped. Several reasons account for this:

(1) There was no equitable distribution of industry to sectors other than the elite structure.

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[49]Ibid.

[50]Ambursley, 78.

[51]Ibid.

(2) No reduction in unemployment figures occurred.

(3) No increase occurred in the autonomy of the economy.

(4) It was believed that, as the Puerto Rican model proposed, a net investment of about ten percent of national income was sufficient for take-off. This was not only erroneous but the model proved disastrous for West Indian development.[52]

Aside from these economic problems that inhibited development, the Jamaican political system contained defects:

(1) In Jamaica, there was limited financial planning.

(2) If planning existed, it was centered around small public sector projects and there was no strong commitment to implementation.

(3) In Jamaica, the administrative sector of the government were generally unresponsive and lethargic.

(4) Often, state bureaucracy inhibited expediting licenses and patents.

(5) In the 1950s and 1960s, the government failed to take a strong hand in steering the Jamaican economy and instead left it to foreign and local elite control.

(6) When the government got involved, attempts at putting funds into labor-intensive projects failed; and money was often diverted to capital-intensive industries that did not support increases in employment.

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[52]Ibid., 79.

(7) By the end of the 1960s, the Jamaican government faced technical and psychological constraints which produced a lack of political confidence.[53]

The immediate result of these problems was the phenomenal rise in unemployment that the claimed economic gains failed to alleviate. The Jamaican economy in the decade following independence could be classed as a dependent capitalist system. The rise in unemployment was the first sign of a failing autonomous existence. Between 1943 and 1972, rapid economic advances failed to solve the employment problems in Jamaica. (See Table 4.3.)

Table 4.3

Growth of Population and Labor Force

| Distribution | 1943 | 1960 | 1972 |
|---|---|---|---|
| Total Population | 1,237M | 1,609M | 1,942M |
| Labor Force | 555M | 654M | 796M |
| Employment | 416M | 566M | 611M |
| As a percent | 75 | 86.5 | 76.8 |
| Unemployment | 139 | 88 | 185 |
| As a percent | 25 | 13.5 | 23.2 |

Source: Evelyne Huber Stephens and John D. Stephens, Democratic Socialism in Jamaica (London: MacMillan Press, 1986), 24.

In 1972, when Michael Manley overwhelming won the general elections, Jamaica was the world's largest supplier of bauxite-alumina. But the ore did not prove to be a valued

[53]Terry Lacey, Violence and Politics in Jamaica: 1960-1970 (Manchester: Manchester University Press, 1977), 18.

source of governmental revenue nor did it help stimulate social development. The high cost of production, the lack of local technology and expertise and the failure of the Jamaican government to negotiate equitable shares in the profits of the industry caused the transfer of gains to foreign hands. Additionally, bauxite-alumina production was capital intensive which meant that it "employed less than one percent of the labor force but produced exorbitant income disparity."[54]

Additionally, other sectors of the economy were prone to foreign ownership. For example, over 50 percent of the tourist industry was in foreign hands. Despite high profits it employed only about two percent of the population.[55] And in the more vital public utilities sector, almost all endeavors except water works were foreign controlled (mainly by the British).[56] Advances made by the manufacturing sector were a perverse indicator of overall growth. First of all, the industry was capital-intensive rather than labor-intensive which meant it had little impact on the unemployment situation. Second, it was heavily dependent on foreign imports and finance. Third, and perhaps the most perverse,

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[54]Stephens and Stephens discuss the bauxite-alumina industry and its effect on the Jamaican economy most adequately. See chapter 2.

[55]Ibid.

[56]Ibid.

was the fact that local entrepreneurs formed converted alliances with foreign suppliers.[57]

By the end of the 1960s, the banking system was under the control of British and Canadian corporations. This not only hampered development by decreasing the availability of liquid funds to local industry but severely curtailed currency revolvement as profits derived from foreign-owned ventures were indiscriminately being removed from the Jamaican economy. The declining levels of foreign exchange caused by the removal of funds from the island through foreign banks added to the problem.[58]

By far the most affected was the agricultural industry which, being labor-intensive, suffered from migration of workers from rural to urban areas. This not only caused declining productivity but, coupled with the increased demand for food, created a volatile situation as the increased prices of imports expanded the poverty-stricken, hungry lower class.[59] Stephens claims that one bright spot, though its impact was not measurable, was the effect of the illegal trade in marijuana. Although figures do not exist for the period, between 1979 and 1981, an average of 740-1400 metric tons reached American markets, production revenues of over 700

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[57]Ibid.

[58]Ibid.

[59]Ibid.

million US dollars.[60] Table 4.4 is an adequate summary of Jamaica's economic development:

Table 4.4

Percentage Distribution of Gross Domestic Product by Economic Sectors (Selected Industries)

| Industry | 1950 | 1960 | 1970 | 1980 |
|---|---|---|---|---|
| Agriculture | 30.8 | 12.9 | 6.7 | 8.3 |
| Mining | -- | 9.3 | 12.6 | 14.3 |
| Manufacturing | 11.3 | 12.3 | 15.7 | 15.2 |
| Miscellaneous Services | 12.4 | 12.9 | 7.2 | 5.3 |

Source: Michael Kaufmann, Jamaica Under Manley (London: Zed Books, Ltd., 1985), 12.

Clearly, Jamaica's economic performance was profoundly plagued by developmental dilemmas, particularly inequality. Stephens and Stephens advance four reasons for this inequality:

(1) Jamaica suffered from the legacy of a plantation style economy which, being slave driven, caused the distribution of land to be extremely skewed.

(2) Local industries, which were not aided by the technologically advanced, foreign-owned corporations, remained relatively undeveloped.

(3) The development of capital-intensive industrial projects not only created income disparity but also produced migrant workers.

(4) Unemployment continued at a higher rate comparatively than in other islands of the region.

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[60]Ibid.

The inequalities generated by the developmental model adopted by the Jamaican government not only meant a low standard of living for the people but also an inhumane sociological environment and despair. Consider Orlando Patterson description of the working people of Jamaica:

> From the left side of the road would be the miserable little huts of back-o-wall, slutty and grimy with tiny peepholes beneath old zinc ceilings. Through them half-naked children, too hungry to play and shrivelled, atrophic old men with thin black gums too weak to move would be peering. And there would be the younger ones, seedy and slow with long hands and drooping shoulders, lounging on the sidewalk, glaring up at them from beneath their foreheads, with the whitish-yellow of their eyes, all waiting, waiting for the night to fall.[61]

According to Kaufmann, "the magnitude of their poverty was staggering."[62]

> In 1977 only 40.6% of rural dwellings had piped water, 21% of the working class had a refrigerator and stereo in the homes, less than .1% owned cars, and 50% earned less than $50J per week.[63]

The desperation of the Jamaican poor was magnified by the increased crime rate which tended to sporadically cause social disequilibrium. Furthermore, disease, such as malaria and typhus, ran rampant due to the inadequacies of public health

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[61]Orlando Patterson, The Children of Sisyphus (London: Longmen, 1964), 6.

[62]Michael Kaufmann, Jamaica Under Manley: Dilemmas of Socialism and Democracy (London: Zed Books, Ltd., 1985), 19.

[63]Ibid., 20.

responses; and "children were malnourished and pregnant women were often anemic."[64]

The decade of the 1970s proved to be momentous for the Jamaican people. For years they suffered first under the colonial empire and, more recently, under the yoke of a growing and uncaring bourgeois class. Wanton exploitation remained unchecked. The People's National Party in 1972 offered more than change--it offered HOPE.

In 1962, Jamaica became independent. At that time, Jamaican society could be characterized as highly fragmented along class lines. Gross disparity existed between the rich and poor. Inevitably, antagonisms were common.

The class lines that developed in the 1930s crystallized in the post-independence era producing an elite bourgeoisie and middle class which, as an outgrowth of British capitalism, understood very well the importance of suppressing the working class. Accordingly, a strong tie developed between this group and the bankers and parent companies of foreign origin. In this environment, the elite and middle class prospered.[65] For the masses, it was quite different. Not only were they subjected to disparities in land distribution but also they suffered the degrading experience of unemployment.[66]

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[64]Carl Stone, Class, State, and Democracy in Jamaica (London: Praeger Press, 1986), 29.

[65]Ibid.

[66]Ibid.

By the end of the first decade of independence, on the eve of the socialist onslaught, Carl Stone says that "the desperateness of the unemployed led to hustling of one kind or another--petty trading in food and ganga, gambling and prostitution, and robberies and other kinds of crimes."[67] Amid the deteriorating socio-economic conditions of the Jamaican people, Michael Manley would emerge as the new leader of the opposition--the People's National Party. The ten years of Jamaican Labor Party leadership had proved devastating to the political economy of the island. Although the PNP was radically different from the JLP, in 1967 the developmental programs both proposed were almost identical. For instance, both advocated:

(1) Land Reform--in which a policy of re-zoning and greater land use was favored,

(2) A policy of economic development that stressed ownership by Jamaicans and employment of Jamaicans in all facets of the economy, and

(3) Top priority to the development of agriculture as a major goal for Jamaica.[68]

The PNP differed from the JLP in 1967 in one basic area: the party platform called for the nationalization of public utilities and transportation.[69] Additionally, charges of

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[67]Ibid.

[68]Quoted directly from Hurwitz and Hurwitz, 226.

[69]Ibid.

human rights violations against the JLP would be levied by Manley in 1968. Amidst accusations of patronage and victimization, Manley declared "the very concept of human rights is being trampled underfoot in Jamaica.[70]

In the early 1960s, Norman Manley questioned the effectiveness of the W.A. Lewis Model of Industrialization by Invitation as a means of bringing about development in Jamaica. By the early 1970s it was clear that a challenge was being launched against the economic system rooted in capitalism. The Puerto Rican model of development had produced rampant unemployment and poverty, a decaying health care system and mal-distribution of land and income. Additionally, the growing dependence on foreign imports and finances appeared to have cost Jamaicans their identity. Finally, after several years of negative growth, Jamaicans reacted.

With the words Bustamante had uttered soon after independence, "I am for the West...I am against communism,"[71] echoing in their ears, violence broke out. It was a reaction against an unresponsive economic system that had come to represent petty bourgeois Western capitalism. The social discontent that erupted came in the form of violent public protests that often turned fatal.

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[70]Ibid.

[71]Stephens, 223.

In the end, the unemployed and employed masses, after decades of poverty and suppression, rallied behind Michael Manley's appeal "Better must come...Power for the people!" and achieved victory in 1972. To the socialist phase in Jamaica's development, attention is now turned.

## Socialism and Development: Analysis of the Socialist Period 1972 Onward

By the time the PNP came to power in 1972, Jamaicans had endured almost a decade of political protest against deteriorating economic and social-welfare conditions. The PNP was elected overwhelmingly.

The violence that had come to dominate the political process had long been characteristic of Jamaica. From the days of slavery when riots often erupted against an inhumane and substandard existence, to the 1930s when workers rioted for better wages, to the 1960s and 1970s, when the objective was ideological freedom and socio-economic improvements, Jamaicans measured political gains in terms of political violence. Thus, when Walter Rodney, a professor of black history at the Mona Campus of the University of the West Indies, was denied re-entry into Jamaican after a trip abroad; students took to the street. The Rodney riots as they were later called, ended with the looting of stores. About fifty

buses were burned and destroyed.[72] In effect, Jamaicans were saying--NO MORE!

And yet, the Jamaican political system was considered one of the most stable democratic systems in the world.[73] Reasons that tend to explain the longevity of the parliamentary process in Jamaica range from the quick pace of its modernization process to the length of time Great Britain was a participant in the development of its political system.[74] The parliamentary system was based on the Westminster model, and the economic system was capitalism. In 1972, both were challenged!

When Michael Manley assumed the mantle of power in 1972, the political economy of the island was in shambles. Although positive overall growth rates were macro-economically impressive, the life of the average Jamaican was unimproved. Some believed that the rapid, capital-intense "Industrialization by Invitation" model was responsible; others that corruption, graft, patronage and mismanagement of the economy which had become rampant in the 1960s were responsible. And some advanced the argument that the economy's dependence on foreign capital, investments and

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[72]Earl Gooding, The West Indies at the Crossroads (Cambridge: Schenkman Publishing Company, 1981), 130.

[73]Carlene J. Edie, "Jamaican Political Process: A System in Search of a Paradigm" in The Journal of Development Studies 20 (1984): 248.

[74]Robert A. Dahl, Polyarchy (New Haven: Yale University Press, 1971), chapter 1 and 2.

imports and its close ties to the multi-national corporations which were associated with neo-colonialism were the more immediate cause of the Jamaican dilemma. In their view, imperialism, in this case Western imperialism, was the major stumbling block to autonomous development.[75]

In 1940, the People's National Party, under the leadership of Norman Manley abandoned democratic-capitalism and announced itself adherent to the socialist philosophy. The impact of this announcement would not be felt for almost an entire generation. Equal participation of all the peoples in all the opportunities afforded by society would become its objective.

And yet the ideals and programs aimed at the alteration of the misery of the people that were proposed by the PNP would by 1975 produce anti-social behavior, often violent, motivated by political ambition. By then, confidence in the ability of socialism to solve the social problems and efficiently transform Jamaican society was increasingly being eroded.[76] This erosion would incessantly gain momentum and culminate by the 1980 general elections in the defeat of the PNP, even though the PNP had the support of the lower class. For many, the successful destabilization efforts of the opposition, high inflation rates, which saw "hard-earned

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[75]See Gooding, 133; Ambursley, 81, and Payne and Sutton, 19.

[76]Michael Manley, Jamaica: Struggle in the Periphery (London: Third World Media, Ltd.), 131.

money's" ability to purchase dwindle in the wake of exorbitant price increases for basic commodities and the international economic dilemmas accounted for the PNP's demise.[77]

In retrospect, several key factors account for this. Aside from being proponents of the "Jamaicanization" of the industrial sector (which as we have seen was foreign dominated) the PNP proposed far-reaching programs that called for the redistribution of land, eradication of illiteracy, jobs for the jobless, and improved public health. These bold initiatives were aimed at improving the standard of living of the poor.[78]

But these utopian propositions produced at least one major problem. Manley's programs were viewed as threatening to the privileged upper class. "Public ownership [was] portrayed as the cornerstone upon which better lives for disadvantaged Jamaicans would be built."[79] Classlessness would be the heart of the appeal of the PNP's program of social justice.

When the PNP came to power in 1972, it embarked on a program aimed at expanding the precepts of democratic socialism. Under the broad rubric of socialism, Michael Manley sought to enhance popular control over and

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[77]See Stephens, 199.

[78]Kaufmann, 113-117 and Stephens, 60.

[79]Winston A. Van Horne, "Jamaica: Why Manley Lost" in The World Today 37, no. 11 (1981): 428.

participation in the nation's political process. The PNP's program called for popular participation in all facets of social reconstruction including agriculture, education, and local government.[80]

The political atmosphere the PNP inherited was one that could be ignited with the flick of a match; and it was just this atmosphere that initially facilitated the implementation of the PNP's programs. The socialist symbol, according to Carl Stone, had "captured the mood of the country"[81], and Michael Manley became the symbol associated with fundamental changes geared to social reconstruction. The rising unemployment among the youths, the feeling of alienation that pervaded the population as a result of the way state power was exercised, and the ever-present revolutionary forces were just a few of the conditions favorable to social transformation.[82]

Michael Manley declared in 1972 that:

> the first task that a post-colonial society must tackle is the development of a strategy designed to replace the psychology of dependence with the spirit of individual and collective self-reliance.[83]

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[80]Paget Henry and Carl Stone, "The Newer Caribbean" in Carl Stone, Democracy and Socialism in Jamaica (Philadelphia: Institute for the Study of Human Issues, 1983): 243-245.

[81]Ibid.

[82]Ibid.

[83]Michael Manley, The Politics of Change: A Jamaican Testament (London: Andre Deutsch, 1974), 23.

As a result, disadvantaged Jamaicans rallied to his call. The programs aimed at improving the Jamaican polity and putting it on the path to self-reliant development was indeed ambitious.

Manley advanced three basic means of achieving the objective of self-reliance:

(1) There was a commitment to create an economy that would be independent of foreign control and responsive to the needs of the majority of the people at home.

(2) Emphasis was placed on working toward a more democratic and egalitarian society.

(3) An effort was made to rediscover the roots of Jamaican society so that a culture would evolve that was uniquely Jamaican.

But Jamaica was a dependent society, inextricably linked to the international capitalist adventures of multi-national corporations and the capital-intensive investments with extraction of profit as the primary motive of First World nations. Consequently, the dependency of Jamaicans on external dominance created a clientele political atmosphere reflecting elements of Western liberal democracy. The results of this would be ever visible in the grotesque "underprivilegeness" of the Jamaican young.[84]

In its first two years of rule, the PNP achieved limited success. The construction of an economy which would be harmonious with the wishes of the people was aggressively

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[84]Payne and Sutton, 21.

pursued. In 1972, the Jamaican people accepted the fact that to build a viable society, they must rely on a mixed economy and foreign capital with local participation. Thus, cooperative farms, the nationalization of foreign-owned business in the mining and banking sectors, and tight governmental controls were instituted.[85]

Additionally, the PNP was to embark on social programs aimed at correcting the unemployment problem. Fervently pursued were free education for all classes of the population, establishment of rural health care based on preventive medicine, and laws establishing the equality of work and pay among men and women.[86] The hope of the party was the eventual participation of the masses in the decisions of the government.

To make these social and economic advances, Manley and the PNP recognized that massive political reconstruction would have to occur. The most obvious example of inegalitarianism he found in the Westminster Parliamentary process. As an alternative, he proposed the establishment of a model of political participation that would give all a feeling of involvement in the functioning of the government. Accordingly, the establishment of community councils,

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[85]Ibid., 24.

[86]Ibid.

involvement of the public in economic planning and the rebirth of local government were proposed.[87]

The emphasis on popular participation as an integral part of the new regime's attempt at reform was a significant development in Caribbean "politicology." Conceptually, it marked abandonment of an economy controlled by limited enterprises and emphasized the importance of social welfare rather than profit or macro-economic growth. This indeed translated into a rejection of "Operation Bootstrap" which was the economic model that had been widely accepted by Caribbean post-independence governments.[88]

"Armed with this package of ideas and possessed of the power of the state, Manley set about the business of reform."[89] The objective of the PNP's policies in 1972 was the achievement of growth of a sort that would put an end to the mal-distribution of wealth.

Following independence, Jamaican economic development was guided by the rationale that by increased industrialization and by attracting foreign investment employment would be increased and this would increase the equality of distribution of goods and services. In 1972, under the leadership of Michael Manley a program totally alien to the previous two government's model was adopted. Its "guiding light" was

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[87]Ibid.

[88]Ibid.

[89]Ibid., 26.

improving the social welfare and general standard of life of the citizens.

To initiate the process, the government declared that "as representative of the people [they] should take control of the economy from foreigners."[90] To effect this change, the government proposed the nationalization of vital public services such as the telephone company, electric company, and public transportation.[91] Additionally, to reduce foreign ownership, the government proposed buying minority shares initially in the bauxite-alumina industry; and to decrease dependence on imports of staples, food self-sufficiency programs were initiated. These far-reaching economic programs would have to be backed by viable domestic policies.

Almost immediately upon taking office, the Manley government attacked the problem of unemployment. The PNP had indeed inherited a burgeoning unemployment problem as Table 4.5 indicates. A Special Employment Program to create jobs was established in 1972. Street cleaning and road work formed the bulk of the employment opportunities.[92] By the end of the year, the program would be criticized as supporting idlers and unproductive labor.[93] In the same year, the PNP sought

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[90]Rex Nettleford, Jamaica in Independence (Kingston: Heinemann, 1989), 92.

[91]Kaufmann, 73.

[92]Stephens and Stephens, 72.

[93]Ibid.

to equitably distribute scarce benefits such as housing, but due to disagreements about the formula according to which the distribution was to occur, the program met with little or no success.

Table 4.5

Official Rate of Unemployment

| Year | Percent |
|---|---|
| 1972 | 23.2 |
| 1973 | 21.9 |
| 1974 | 21.2 |
| 1975 | 20.5 |
| 1976 | 22.4 |
| 1977 | 24.2 |
| 1978 | 24.5 |
| 1979 | 27.8 |
| 1980 | 27.3 |

Source: Michael Kaufmann, Jamaica Under Manley (London: Zed Books, Ltd., 1989), 246.

One of the most ambitious schemes undertaken by the PNP was a program that called for Jamaicans to produce locally, sufficient food to supply the local market. (See Table 4.6.) Jamaica's fuel and food imports were scandalous. To achieve local production of sufficient food supplies, land redistribution and the formation of agricultural cooperatives were attempted. By the end of 1980, almost 30,000 farmers were placed on 75,000 acres of land.[94]

[94]Ibid., 74.

Table 4.6

Food and Fuel Imports
(In Thousands of Jamaican Dollars)

| Year | Food | Fuel |
|---|---|---|
| 1972 | 94.6 | 90.2 |
| 1973 | 65.4 | 115.3 |
| 1974 | 177.6 | 175.2 |
| 1975 | 195.8 | 178.4 |
| 1976 | 188.4 | 166.4 |
| 1977 | 226.9 | 123.8 |
| 1978 | 304.2 | 234.5 |
| 1979 | na | na |
| 1980 | 805.6 | 351.7 |
| 1981 | 903.9 | 411.5 |

Source: Michael Kaufmann, Jamaica Under Manley (London: Zed Books, Ltd., 1989), 248.

In addition to the frontal attack waged against poor housing, unemployment, and inefficient agriculture, the PNP expanded its social programs by offering to Jamaican students free secondary and university education. From the outset, this plan was met with opposition from the middle and upper classes who were concerned with the cost of the program but even more so with the possible class mixing that open education would bring.[95]

When the socialists assumed power, violence was as much a part of everyday existence as was poverty. Crime against people was on the rise, and the resulting casualties were reaching staggering proportions. In an effort to curb these anti-social acts, the government increased the size of the

[95]Ibid.

police force and made the military a participant in curtailing crime.[96]

From 1972 to 1976, bouts with inflation and recession, played havoc with Jamaica's attempt at economic revitalization. The period was marked by the beginning of extensive governmental activity as the PNP tacked both social and economic dilemmas. As the prices for imports increased, businesses began to fail; and the PNP, by attrition, acquired a significant position in the private sector.[97]

But several factors conspired to halt the progress the PNP was making. The early 1970s witnessed a dramatic increase in oil prices such that between 1973 and 1974, Jamaica's oil import bill increased by over 150 percent.[98] (See Table 4.7.) One result was a declining balance of payments and declining foreign reserves. As a result of the rise in oil prices, suppliers' costs went up and the price of imports skyrocketed, raising the cost of living to unacceptable levels between 1972 and 1974.[99]

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[96]Terry Lacey, Violence and Politics in Jamaica 1960-1970 (Manchester: Manchester University Press, 1977), 103-143.

[97]Rex Nettleford, Jamaica in Independence (Kingston: Heinemann, 1989), 92.

[98]Payne and Sutton, 27. Payne claims that between 1973 and 1974 Jamaica's oil import bill rose from J$65 million to J$155 million.

[99]Ibid., 27.

Table 4.7

Levels of Imports, Exports, and Trade Balance 1972-1977
(In Thousands of U.S. Dollars)

| Year | Imports | Exports | Trade Balance |
|---|---|---|---|
| 1972 | 642.6 | 391.3 | 251.3 |
| 1973 | 676.6 | 390.2 | 286.4 |
| 1974 | 935.9 | 706.2 | 229.7 |
| 1975 | 1123.5 | 851.6 | 271.9 |
| 1976 | 912.8 | 632.5 | 280.3 |
| 1977 | 946.8 | 733.6 | 13.2 |

Source: Omar Davies, "An Analysis of the Management of the Jamaican Economy 1972-1985" in Social and Economic Studies 35 (1986): 85.

Besides these international dilemmas, the PNP's social welfare programs placed additional strains on the domestic economy which lacked the reserves to support take-off expenses. According to Payne, "Between 1972 and 1974 [public sector] debts rose from J$332.6 million to J$520.8 million of which by 1974 the foreign component of the debt was put at J$206.3."[100] It appeared that the retaliation against imperialism was taking its toll on the PNP.

To summarize, by the end of 1974 after three years of PNP rule, Jamaica's economy was deteriorating. Kaufmann declared that gross domestic product (GDP) "grew by 2.3% in 1972, 1+% in 1973, and fell by 4.1% in 1974."[101] This is evident by

[100]Ibid.

[101]Kaufmann, 75.

the socio-economic indicators in Table 4.8. Kaufmann lists several reasons that accounted for this. Among them are:

1. the impact of the international recession,
2. the rise of import prices and the rising cost of borrowing money,
3. the effect this had on an already declining local investment and capital, and
4. Jamaica's major export, bauxite, suffered declining productivity and revenues. Added to this the negative press coverage of the increasing violence in Jamaica caused a decline in tourist revenues.[102]

Table 4.8

Key Socio-Economic Indicators 1972-1976

| Variables | 1972 | 1973 | 1974 | 1975 | 1976 |
|---|---|---|---|---|---|
| Percent Unemployment | 23.6 | 21.4 | 21.8 | 19.9 | 20.5 |
| Percent Youth Unemployment | 40.3 | 37.0 | 39.5 | 36.2 | 38.2 |
| Percent Rate of Growth | | | | | |
| (a) GDP | 2.3 | 1.2 | -3.8 | -0.3 | -6.5 |
| (b) Agriculture | 1.8 | -8.5 | 4.9 | 1.7 | 0.7 |
| (c) Mining | 6.4 | 14.3 | 8.5 | -20.2 | -20.6 |
| (d) Manufacturing | 11.7 | 0.7 | -3.4 | 2.3 | -4.4 |
| (e) Construction | -2.9 | -11.7 | -5.4 | -1.3 | -20.0 |

Source: Omar Davies, "An Analysis of the Management of the Jamaican Economy 1972-1985" in Social and Economic Studies 35 (1986): 84.

The first sign of change came with respect to bauxite policy. The government undertook to renegotiate its agreements with the smelting corporations in an effort to increase domestic control over the industry. In 1974, Manley imposed a 7.5 percent levy on alumina produced with the aim of

[102]Ibid.

increasing it revenue contribution seven-fold.[103] As a result, the foreign companies involved in alumina production reduce the amount of Jamaican bauxite they imported and increased imports from other bauxite-rich nations, such as Australia and Guinea. The effect was devastating. Not only did Jamaica's share of the world market for bauxite drop (see Table 4.9); but, according to Ambursley, other multi-national corporations reduced their investments and activities on the island. The immediate effect of this was a decline in foreign capital which inevitably means a fall in foreign reserves, demonstrated by Table 4.10, followed by a further increase in the balance of trade deficit.

Table 4.9

Bauxite World Market Share (%)

| Country | 1970 | 1975 |
|---|---|---|
| Jamaica | 27 | 17 |
| Australia | 14 | 24 |
| Guinea | 2 | 23 |

Source: Fitzroy Ambursley, "Jamaica From Michael Manley to Edward Seaga" in Fitzroy Ambursley and Robin Cohen, eds., Crisis in the Caribbean (Kingston: Heinemann, 1983), 88.

[103]Stephens and Stephens, 79.

Table 4.10

Foreign Capital Inflow
(In Thousands of U.S. Dollars)

| 1973 | 1975 |
|---|---|
| 254 | 115 |

Source: Fitzroy Ambursley, "Jamaica From Michael Manley to Edward Seaga" in Fitzroy Ambursley and Robin Cohen, eds., Crisis in the Caribbean (Kingston: Heinemann, 1983), 83.

Following the levy, the PNP initiated a series of talks aimed at nationalizing the bauxite industry. The primary aim was majority or full ownership of the production and mining part of the industry and a change in the ownership of land. The idea was to gain use of the land for agricultural purposes and to secure a firm grip on the bauxite reserves.[104]

In addition to the increased revenues derived from the bauxite levy, the government, to stimulate the economy, devalued the Jamaican dollar relative to U.S. currency. The immediate effect of this move was to stabilize the price of imports while keeping down the price of exports.[105] These measures did not produce results which were as dramatic as one might have expected, but they did meet with limited overall success. By 1974, the cost of living index was up about

[104]Ibid., 80.

[105]Kaufmann, 75.

27.2%, which meant that for living standards to be maintained, wages would have to be increased. According to Kaufmann, the nationalization of the bauxite industry brought a 50% wage increase;[106] but since the industry was capital-intensive, few employees were impacted.

As unemployment reached 250,000 out of a work force of 700,000;[107] it was increasingly clear that the PNP was incapable of coping with the deteriorating economic situation by itself. Thus, in 1977, Manley petitioned the International Monetary Fund (IMF) for assistance.

The following year, Jamaica signed an agreement with the IMF which resulted in loans amounting to one-quarter of a billion dollars U.S. But the conditions attached to the loans had far-reaching effects. The agreement called for wage freezes, price liberalization, increased taxes to yield about $180M in 1978-1979 and ceilings on commercial bank loans.[108] The primary objective was to stabilize the out-of-control government spending and to reduce wage increases instituted by the PNP which were, in some industries, as much as 50 percent.

Manley's march toward socialism had come to an end. He soon began to admit that a "mistake had been made in accepting

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[106]Ibid.

[107]Ambursley, 84.

[108]Derek Boyd, Management, Income Distribution, and Poverty in Jamaica (New York: Praeger Press, 1988), 28-29.

the IMF...agreement."[109] The government not only failed to reduce its budget deficits but experienced continued declines in foreign revenues, making a cyclical failure of the economy inevitable. The IMF program ended in defeat.

By now the economic problems had begun to breed violence in the once tranquil tourist resort. As the level of violence increased, the nation was held in a grip of terror. Gang warfare and politically-oriented clashes between the opposition JLP and the PNP became common.

Stephens claims that the groups were well-organized having "semi-automatic weapons and controlling various economic and social initiatives."[110] By the time elections rolled around in 1980, violence had permeated much of Jamaican society. Not only did random attacks on innocent citizens occur but public utility workers were terrorized; and it was not unusual for political activists to be killed while they slept.[111] In addition to this, the security forces faced by personal hardship turned against the PNP; and PNP officials were arbitrarily detained.

By 1980, the Jamaican socio-economic and political scene was dominated by constant unrest, mass poverty (unemployment figures peaking as high as 31 percent), low investment, and

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[109]Kaufmann, 152.

[110]Stephens and Stephens, 236.

[111]Ibid.

declining confidence in the world market as Manley's socialist ideals were realized to be more than rhetoric.

On October 30, 1980, amidst a failed economy, Michael Manley's PNP was defeated in the general elections. The event was important for two reasons. First, it conveyed a loud and clear message that Jamaicans were dissatisfied with the socialist experiment; and secondly, even the masses who benefited most from the PNP's social programs were becoming disenchanted. Although several things accounted for the drop in the popularity of the PNP, by far the most important was the agreement with the IMF.

The agreement between the IMF and Jamaica could be classed as anti-working class, particularly the part of it which cut social welfare spending. This part not only alienated the working class but threatened the PNP with the loss of a major portion of its electoral support. But as we have seen, the seeds of the PNP's destruction were planted long before the IMF entered into its agreement with Jamaica.

## Conclusion

The eight years of PNP rule, as Ambursley notes, saw "real income fall by 25 percent, while the cost of living rose 320 percent. Real investment fell by 65 percent, and unemployment went as high as 31 percent."[112] This was,

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[112]Ambursley and Cohen, 85.

indeed, a powerful indictment of the PNP's failure to effect basic changes. (See Table 4.11.)

Table 4.11

Jamaican Economic Indicators
For the Period 1972-1980
(Selected Years)

| Year | Growth of Real GDP | Fixed Capital Formation/GDP | Consumption GDP | Unemployment Rate | Consumer Price Index | Net Foreign Reserves |
|---|---|---|---|---|---|---|
| 1972 | 9.9 | 25.5 | 81.0 | 23.0 | 5.4 | 87.2 |
| 1974 | 1.4 | 25.8 | 78.3 | 22.0 | 17.7 | 34.3 |
| 1976 | -6.1 | 16.6 | 90.6 | 22.1 | 9.9 | -216.9 |
| 1978 | -0.4 | 13.3 | 83.6 | 24.5 | 34.9 | -625.5 |
| 1979 | -1.5 | 17.4 | 82.7 | 27.8 | 28.8 | -861.2 |
| 1980 | -5.4 | 14.5 | 86.6 | 30.6 | 27.0 | -969.8 |

Source: Robert E. Looney, The Jamaican Economy in the 1980s (Boulder: Westview Press, 1987), 9.

The failure of the PNP to successfully transform the Jamaican polity from capitalism to socialism was catalyzed by ties to the International Monetary Fund and exhorbitant public spending at a time when budget deficits in the country were widening. The PNP's failure to improve the quality of life of Jamaicans was due to these causes. Additionally, bureaucratic ineptness, patronage and clientalism politics, a decided shift to the far left, and Manley's failure to deliver what he had promised sealed the fate of socialism.

## CHAPTER V

# THE DEVELOPMENT OF UNDERDEVELOPMENT: CAPITALISM AND SOCIALISM IN THE GUYANA

## Introduction

In May, 1966, two hundred years of British rule came to an end in Guyana. In 1970, the nation after a decade of racial animosities, high unemployment, and poverty became a constitutional cooperative republic. And, in 1975, faced with an unresponsive economy, limited foreign aid and investments, and lacking any coherent restructuring programs, declared itself a "Cooperative Socialist State" espousing a non-capitalist path to development and self-reliance.

Guyana means "land of waters," and with a territory of some 80,000 square miles is the only land mass on the South American continent whose population ranges ethnically from East Indians to Afro-Caribbeans, Chinese and Europeans. By the year 2000, Graham and Edwards estimate the population will increase from 1.1 million to 1.2 million inhabitants with a labor force of over one-half million people.[1] On the basis of its colonial heritage the nation shares strong ties with other Caribbean nations.

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[1]Norman A. Graham and Keith L. Edwards, The Caribbean Basin to the Year 2000 (Boulder: Westview Press, 1984), 68.

From independence, Guyanese politics have been characterized by racial attacks by East Indians and Blacks on each other; a political system closely aligned to the principles of socialism, a degree of political alienation from the international sphere and an economy highly dependent on foreign stimulation. Furthermore, Guyana has experienced deep penetration of its economy by foreign-owned corporations despite its socialist orientation.

On the bright side, the nation enjoys a literacy rate of over 86 percent with an estimated life expectancy of 62 years for males and higher for females.[2] Its citizens enjoy free education to the secondary level, but the nation is severely lacking in teaching materials and its medical care leaves much to be desired.[3] From the 1970s onward the nation has been plagued by sizeable emigration of its population to the United States and Britain. The most immediate result of this has been a drain on the nation's technical and professional skill but in the longer run the emigration has provided an important source of foreign capital as U.S. dollars and British pounds are pumped via family members into the local economy. Nevertheless, the Guyanese have been subjected to a deteriorating standard of living when compared to their affluent neighbors of Barbados and Trinidad and Tobago and inflation rates on a scale comparable to Argentina's. In 1990

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[2]Ronald Hope Kempe, Guyana: Politics and Development in an Emergent Socialist State (New York: Mosaic Press, 1985), 13.

[3]Ibid.

the cost for a one minute telephone conversation from Georgetown to Bridgetown was $105.00G.[4]

However, the nation's economy is comparatively lucrative with its vast deposits of bauxite-alumina and which, together with a technologically-based agricultural production scheme built on a system of dikes on reclaimed land, in the years immediately after independence fostered positive growth rates. Between 1964 and 1970, positive economic growth rates were recorded, on the average two percent per annum and, together with low inflation rates and balance of payment debts kept in check, Guyana appeared to have achieved a degree of economic development.[5]

But during the same period, these positive macro-economic growth indicators were linked to an unemployment rate of over 20 percent and racial tensions due to falling food production; and anti-social behavior among Guyanese blacks and East Indians alike was rampant. In addition, the positive economic gains recorded in the post-independence period were directly linked to the nation's dependence on core metropolitan economies. This dependence was facilitated by economic policies pursued by Caribbean governments during the period.[6]

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[4]From the author's own notes recorded from conversations with friends and family visiting the Republic of Guyana.

[5]Delisle Worrell, Small Island Economies (New York: Praeger Press, 1987), 80-82.

[6]James A. Stackey, "Dependence, Underdevelopment, and Socialist Oriented Transformation in Guyana" in Interamerican Economic Affairs 33 (1979): 29.

(In Guyana, the Puerto-Rican model of import substitution was not as popular as the industrialization by invitation strategy adopted by many nations in the region.)

From the beginning of "home rule," Guyanese political development was marked by competition between two racially demarcated parties. As a result, the party platform incorporated socialist rhetoric. Its main proponent, Cheddi Jagan, declared himself a communist and initially concentrated on policies aimed more at the social reconstruction of the Guyanese polity than any other aspect of development.[7]

David Apter points out that:

> It is no service to the modernizing nations to judge their policies on the basis of utility. Government is, after all, a reflection of the nobler as well as the mundane purposes for which people live in society. In this sense, no government is better than its moral standards, and no valid moral judgement is premature.[8]

In 1973, Cheddi Jagan remarked that "the standard of living of the average Guyanese is steadily deteriorating--the nation is facing collapse and ruin."[9] The nation's economy was marked by rising food prices, rising costs of imported commodities, basic food staple shortages, and an increasing

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[7]Clive Thomas, "State Capitalism in Guyana" in Ambursley and Cohen, eds., Crisis in the Caribbean (Kingston: Heinemann Press, 1983), 27.

[8]David E. Apter, The Politics of Modernization (Chicago: University of Chicago Press, 1969), 13.

[9]Cheddi Jagan, "Guyana at the Crossroads," The Black Scholar 5 (1974): 43.

number of essential goods being sold through "black markets."[10] This deterioration was preceded by a period of U.S. Central Intelligence Agency attempts to disrupt the socialist government of Jagan.[11]

Cheddi Jagan, in 1973, concluded that:

> It is necessary to view the situation in Guyana historically and dialectically and to consider the interconnection and interaction between the economic base and the political, ideological, institutional, and cultural superstructure.[12]

Historically, Guyana's development after the second world war was characterized by its persistent drive for self-rule. The motivation for independence was shaped by the labor unrest that had become characteristic of the political scene in the Caribbean in the 1930s. The publication in the late 1930s of the recommendations of the Moyne Commission for Guyana which called for "a greater participation by the people in their electoral and administrative managerial processes"[13] and the formation in Jamaica of Norman Manley's socialist party undoubtedly affected Jagan's socialist movement in the 1940s.

In 1947, Cheddi Jagan formed the Political Action Committee whose basic aim was "to arrest the growth and development of labor and progressive movements of British

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[10]Ibid.

[11]Cheddi Jagan, "A Reply to Critics," Monthly Review 29 (1977): 36.

[12]Ibid.

[13]Thomas J. Spinner, A Political and Social History of Guyana 1945-1983 (Boulder: Westview Press, 1984), 11-13.

Guyana to the end of establishing a strong, disciplined and enlightened party, equipped with the theory of scientific socialism."[14] The ideological announcement by Jagan of his socialist orientation was the first indication of Guyana's attempt to detach its development from the exploitation of colonialism and the failures of capitalism--both of which were rooted in the nation's plantation-style existence.

On December 18, 1947, at only 29 years of age, Cheddi Jagan entered the Legislative Council and embarked on a course that appealed to the sentiments of the people attacking the evils of colonialism and contending that the wealth of the nation was in foreign hands and must be returned to the Guyanese people. At the same time, Jagan called for an end to the exploitation of the workers and the formation of trade unions and labor organizations to assure them an active role in the political development of their nation.[15]

The most immediate result of this appeal was the participation of the Guyana Industrial Workers Union in 1948 in numerous wildcat strikes condemning the deplorable working conditions of the sugar workers. The growing discontent translated into strikes at one of the largest British operated sugar mills at the Ermore Estates. It resulted in the death of five cane cutters. The incident was followed by the

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[14]Ralph R. Premdas, "Guyana Changes in Ideology and Foreign Policy" in World Affairs 145 (1982): 179.

[15]Ibid.

formation of the Venn Commission which recognized the plight of the Guyanese worker and called for land to be made available on the sugar estates for the growing of rice and other food crops. The Commission also suggested that the "inadequacies of housing and the problem of sanitation ought to be investigated."[16]

The integration of the labor movements into the political processes of the nation caused Jagan to recognize that a political movement based on racial divisions was incompatible with the precepts of scientific socialism. By 1950, the PAC had converted itself into the Peoples' Progressive Party which proclaimed that "the final abolition of exploitation and oppression, of economic crisis and unemployment and war will be achieved only by the socialist reorganization of society"[17] and pledged "itself to the task of winning a free and independent Guyana [and to] building a just society, in which the industries of the country shall be socially and democratically owned and managed for the common good--a society in which security, plenty, peace and freedom shall be the heritage of all."[18]

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[16]Spinner, 27.

[17]"Aims and Programs of the People's Progressive Party" in Thunder 4 (April, 1950): 6-7.

[18]Ibid.

## Capitalism, Socialism and Development 1950-1990

Recognizing the inalienable right of all citizens to participate in the electoral process, one of the first tasks undertaken by the PPP as the 1953 general elections approached was the attainment of universal adult suffrage. In the 1953 elections, the PPP won an overwhelming majority.[19] Its victory marked the beginning of the drive for self-rule and socialism. No sooner had the PPP gained power than it "openly threatened to nationalize key foreign industries while extolling the virtues of socialism."[20] The Crown Government not only reacted vehemently by detaining the leaders of the party but moved to suspend the constitution claiming the actions of the PPP were subversive.[21] By far the most important objective of Britain was the curtailment of the drive for self-rule.

Following the suspension of the constitution, the presence of the British military was enhanced. Disagreement between the Crown and the colonial government continued to dominate the Guyanese political scene amidst charges by Britain of communist subversion. In 1956 a new constitution was adopted and general elections were held. In these

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[19]Spinner, 37.

[20]Premdas, 181.

[21]Ibid.

elections, the PPP gained an unprecedented majority of votes and was established as the legitimate government of Guyana.[22]

Immediately after assuming power, the PPP embarked on an ambitions developmental schemes aimed at improving the general welfare of its citizens. The newly elected government set in motion the construction of irrigation projects to make more land available for food production, the construction of health centers, the provision of pure water supplies, the construction of community facilities and the implementation of improvements in primary and secondary school education.

In 1957, the PPP's platform stressed, among other things, these socially oriented projects deemed by the leadership as essential to put Guyana on track to achieve development. From the beginning, the implementation of these projects was hampered by a lack of fundamental technical skills and, more importantly, by economic problems. These social welfare schemes were undertaken at a time when the nation faced mounting economic problems compounded by shortages of money, a lack of aid and investment, and questionable credit worthiness. The PPP's social reconstruction program also suffered from one major additional hurdle.

After the second world war, global politics were characterized by conflict between the two super powers--the United States and the Soviet Union. The Cold War, as this

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[22]Philip Reno, The Ordeal of British Guyana (New York: Monthly Review Press, 1964), 7-26.

conflict later became known, not only influenced the foreign policies of nations but the polarization in alignment that resulted created ideological affiliations as well. For many nations, this had implications for security and development aid. The policies adopted by the superpowers were driven by expansionism and, in the case of the U.S., the desire to contain communism.[23]

The expansionist policies pursued by both superpowers sought to bring under each nation's umbrella developing nations supporting each power's ideological orientation. Ideology became the criteria for the granting of financial help to Third World nations. The problem Guyana faced was that during the initial stages of limited self-rule, its socialist rhetoric was closely associated with communism as Cheddi Jagan openly embraced Marxism. In the atmosphere of the Cold War, aid from the U.S. was almost non-existent. The lack of success met in procuring aid from the democratic nations of the West created the impetus for Guyana to reach out to the U.S.S.R. and its Eastern Bloc allies for alms. By assuming this posture, Guyana was to be identified as socialist by the Western World.

Failure to obtain aid from the West and the paucity of Eastern bloc aid which was conspicuously insufficient to further the developmental plans of the PPP caused development to "stand still" from 1957 to 1963. This period marked the

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[23]Ibid.

beginning of social discontent and violence that for the next three decades would be part of the Guyanese political spectrum. As the PPP failed to keep its rhetorical promises, the now politically sophisticated rural workers took to civil disobedience to express their dissatisfaction. The government was forced to consider "tax and land reform as the two most important instruments for economic and social progress."[24]

The "tax and land reform" program was not only frowned upon by the electorate but was viewed as a substitution of "Soviet imperialism for British imperialism"[25] as programs of tax incentives to attract more British investors had been proposed by British economists. By 1963, Guyana had endured considerable civil strife, an economic situation that exhibited no signs of improvement and increasingly violent racial tensions. In 1962, Guyana was described as a society in which "Negro mobs roamed the streets of Georgetown beating East Indians and when words of this spread, Indians beat Negroes in the villages."[26]

By 1963, the PPP had met with only limited success in its developmental policies. Little fundamental change had been made in the economic policies and infra-structures inherited from the Crown Government. As a result, the poverty that had become characteristic of the region's plantation-style economy

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[24]Ibid.

[25]Ibid.

[26]Ibid.

persisted. By far, the most noticeable achievement of the PPP was in health and education. In 1962 "there were some twelve general hospitals, infant mortality [was] about 57 per 1000 live births, and school population doubled with teachers' salaries increasing by over 700 percent."[27]

But the advances made in health and education did little to alleviate the constant struggle of the poor masses who made up the bulk of the population consisting both of Negroes and East Indians. From 1963 to independence in 1966, violent strikes and emergency orders became common. De-stabilizing efforts by the Crown Government perpetrated by warrantless arrests and preventive detention targeted against PPP's sympathizers were not uncommon. Increased harassment of supporters of socialism with the "utter disregard for human rights was practiced as independence approached."[28]

On May 26, 1966, Guyana became independent under a new constitution which introduced the notion of proportional representation, a five-year term for Parliament, and a voting age of 21.[29] The rationale of "divide and conquer" was undoubtedly the logic behind the constitution which gave more representation to areas heavily populated by blacks. The

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[27]Ibid.

[28]Ibid.

[29]Robert H. Manley, Guyana Emergent (Cambridge: Schenkman Publishing Co., 1979), 9.

British covertly sought the demise of socialism by exploiting racial tensions that had become endemic in Guyana.

In addition to manipulating electoral decisions, the British played on the underdevelopment of the Guyanese polity. Ethnic conflict and poverty produced disunity. Unemployment stood as high as 21 percent in the urban areas; and underdevelopment among the rural East Indian population was immeasurable.[30] In addition, the PPP was accused of conceiving few viable economic policies to alleviate the condition of the poor. Fundamental to this charge was the fact that the PPP allowed the major mining industries to be foreign owned and under-utilized the royalties and subsidies paid to the government to improve the social conditions of the people. In fact, government officials were accused of lining their pockets with the profit derived from these industries with little going to programs aimed at stimulating social or political development.[31]

After the granting of independence, the Peoples' National Congress, led by Forbes Sampson Burnham, formed the first legitimately elected government of Guyana. Burnham inherited a nation whose economy could at best be described as in disarray as illustrated by Table 5.1.

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[30]Ibid.

[31]Ibid.

Table 5.1

Post-War Economic Growth: Guyana

| GNP Per Capita | | GDP | | Exports of Goods & Services | | Exports Volume | Export/ Import Ratio (%) |
|---|---|---|---|---|---|---|---|
| 1960 | 1970 | 1960 | 1970 | 1960 | 1970 | 1970 | 1970 |
| 0.4 | -0.7 | 2.7 | 1.3 | 2.4 | 2.1 | -3.0 | 0.0 |

Source: Carl Stone, Power in the Caribbean Basin (Philadelphia: Institute for Human Studies, 1986), 86.

Initially, Burnham's economic policies centered on inconsequential improvements of public utilities and limited attempts at improving the everyday lives of Guyanese. Construction programs aimed at improving roads, public services, and other social amenities were given top priority. Burnham represented safety to the elite class of society whose intentions were undoubtedly to preserve the economic and political status quo and to continue their capitalist exploitation. Being middle class with democratic capitalist ideals, Burnham was well-liked initially by the United States and Great Britain, especially as an alternative to Cheddi Jagan and socialism.

The first task undertaken by the new government was the suppression of PPP agitators and the oblique suppression of socialist literature imported from Great Britain. The preoccupation with the suppression of socialism resulted in close alliances with the U.S. and Britain. Burnham courted these nations for financial aid. To attract this aid Guyana

distanced herself from socialist nations and adopted a policy of non-alignment and the capitalist notion of "Industrialization by Invitation."[32]

In 1968, the PNC was successful in procuring over $30 million BG from foreign sources to assist in its development programs.[33] From 1968 onward, a heavy dependence on those foreign sources was viewed as the only means of achieving development. Economic policies incorporating projections of foreign assistance became an integral part of the planning agenda of the PNC.

Between 1966 and 1976 Burnham proposed two basic plans aimed at socio-economic restructuring which were primarily dependent on foreign resources. The first plan covering 1966-1972 called for "considerable emphasis on stimulation and encouragement of private investment in the Guyanese economy, including investment from foreign sources."[34] The second plan, 1972-1976, called for a self-reliant path to development as the quantity of aid received from foreign sources almost always fell short of the amount projected.[35]

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[32]Ibid.

[33]Embert J. Hendrickson adequately describes the political economy of Guyana's pre-socialist project in "The Pursuit of the Cooperative Republic: Guyana in the 1970s" in The World Today 35 (1979): 214-217.

[34]Manley, 73.

[35]Ibid.

In addition to these ambitious undertakings, on February 23, 1970, Burnham declared Guyana a "cooperative republic" espousing "cooperative socialism" as its ideology. The cooperative idea introduced into Guyana by Burnham was not new. Louis Blanc (1811-1882) and Robert Owens advocated the development of autonomous units of production. They called for the eventual elimination of exploitation and an economic system fundamentally based on profit. R.S. Milne, in his analysis of "cooperativism," claimed that "cooperatives existed long before the PNC came to power"[36] and that cooperatives acted as a buffer against racial tensions and appealed to both Guyana's slave and indentured population."[37] Burnham reasoned that his cooperative socialism was a purer form of socialism and one that would appeal to the masses.[38] Burnham outlined in his Declaration of Sophia the major precepts of his socialist revolution. He declared that this cooperative socialism should:

(1) ensure that the people of Guyana own and control for their benefit the national resources of their country,
(2) ensure that economic power is transferred to the masses,
(3) ensure the end of poverty, exploitation, and inegalitarianism, and

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[36]R.S. Milne, "Guyana's Cooperative Repulic" in Parliamentary Affairs 28 (1970): 353.

[37]Ibid.

[38]Rajendra Chandisingh, "The State, the Economy, and Type of Rule in Guyana" in Latin American Perspective 10 (1983): 59-61.

(4) ensure production for human satisfaction as opposed to essentially for profit.[39]

In Guyana, the mainstay of the cooperative socialist effort was to be the "cooperative" through which Burnham suggested "the small man can participate fully in the economic life of the nation."[40] But the PNC's pronouncements about economic reconstruction were largely window dressing. By 1975, the needs of the masses had been pushed aside and a strong centralized state established. In 1980 a new constitution was adopted, and Burnham became the first elected president of the nation.[41]

Radical decolonization efforts in Guyana were undoubtedly plagued by dependence on foreign governments and multinational corporations. Like Jamaica and Grenada, Guyana on the eve of its socialist transformation was a backward client state.

Between 1966 and 1973, Guyana for the first time faced food shortages as "rice and sugar production fell to drastic lows [because of] the boycotting of government policies by East Indians who controlled the bulk of production."[42] Externally, Burnham succeeded in alienating western foreign-

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[39]Premdas, 187.

[40]Forbes Burnham, 1974 Declaration of Sophia, political address by the leader of the PNC, Sophia, Georgetown, excerpted from speech.

[41]Chandisingh, 59-61.

[42]R.S. Milne, "Guyana's Cooperative Republic" in Parliamentary Affairs 28 (1975): 352-354 and Spinner, chapters 1-4.

owned corporations by his nationalization policies and his government's arrogance in diplomatic dealings was even antagonizing socialist nations which he at one time courted for aid and which were receptive to the nation's plight.

The external and internal problems faced by Guyana during the initial phases of the PNC's tenure produced a standstill in development. Burnham had promised that his policies would relieve the poverty that had permeated almost all strata of society. Guyanese expected life to improve. But the low levels of food production served to exacerbate an already volatile situation and a staggering inflation rate of over 30 percent created a discontented and an openly aggressive populace. In 1972, the situation approached chaos as private capital in the nation fell to about $7 million U.S., and confidence in the economic viability of the nation was at an all-time low.[43]

The macro-socio-economic dilemmas faced by the Burnham government were further exacerbated by a decline in real value of all sectors of the economy that were important contributors to the nation's Gross Domestic Product. These included, among others, mining and agricultural. In addition, Burnham was faced with an unemployment rate of about "20 percent in the

[43]Economic Bulletin No. 8, October 1974, Table 8. Government Printing, Georgetown, Guyana.

urban areas, while underemployment was estimated as high as 36 percent."[44]

In Guyana, as in Jamaica and Grenada, the lack of economic development led to a lack of available social amenities. The period from 1966 onward witnessed not only a significant decline in local and foreign investments but also a lack of policies aimed at stimulating the economy. Little progress was being made toward self-reliance.

The economic hardship encountered in the post-independence period was further exacerbated by ethnic and cultural tensions between blacks and East Indians. The question of race pervaded all facets of life in Guyana. By 1972, African-Guyanese were in control of all government services including the people's militia, the police force, and the civil service. It was a known fact that Burnham personally maintained control over these services. In contrast, the East Indian sector of the population was predominant in agriculture and entrepreneurial industry ranging from cottage industries to the large-scale production of commodities.

By 1972, racial tensions had enveloped Guyana. African-Guyanese had become accustomed to an affluent life style largely at the expense of the poor, East Indian population. When food production fell to new lows as a result of an East

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[44]Jay Mandle, "Continuity and Change in Guyanese Underdevelopment" in Revista Interamericana 4 (Spring, 1977): 4.

Indians boycott, for the first time blacks felt threatened. Vicious atrocities were committed against people on both sides simply because they belonged to one race or the other. In sum, heavy dependence on foreign aid and investments, the lack of economic stimulation, declining food production, deteriorating social conditions and increased unemployment made clear to the PNC that change was needed. Thus, in 1972, the second plan mentioned above which called for a self-reliant path to development was implemented. By 1976, nationalization carried out in the peoples' name had appropriated industries ranging from fishing, mining, and manufacturing to food production.[45] The government also moved between 1971 and the present to nationalize holdings in the sugar and bauxite industries, both of which were the mainstay of the Guyanese economy. Premdas claimed that bauxite alone contributed up to 45 percent of Guyanese foreign exchange; but despite the merits of nationalization, the Guyanese government was committed to attracting foreign investments and thus the retention of a mixed economy.[46]

The nationalization policies pursued by the Burnham government were received with jubilance by the population for they not only meant increased local control of key sectors of

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[45]Paget Henry and Carl Stone, eds., The Newer Caribbean Institute for the Study of Human Issues (Philadelphia, 1983), 263-264.

[46]Ralph R. Premdas, "Guyana: Social Reconstruction or Political Opportunism," Journal of Interamerican and World Affairs 11 (1980): 79.

the economy but it was promised that the revenues derived from them would be used to alleviate the deteriorating welfare conditions of the masses. To the people, state ownership also meant an attack on increasing unemployment which was becoming epidemic.[47]

But the nationalization policies pursued by the Burnham government did not produce the results many had hoped for. In the first place, there were no structural alterations in the economy after nationalization; and, secondly, the PNC retained its close alliance with Western corporations and thus distanced itself from Eastern bloc states.[48] In addition, Premdas claims that the profits from nationalization were not used to improve the socio-economic welfare of the people.[49] Instead, they "were directed in part to pay the burgeoning state bureaucracy to help maintain the government in power."[50]

In addition to its nationalization policies, the Burnham government embarked on a scheme aimed at feeding, clothing, and housing the nation. Also, a close alliance among private, state, and cooperative sectors was initiated.[51] To achieve

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[47]Kenneth Jameson, "An Intermediate Regime in Historical Context: The Case of Guyana" in Development and Change 11 (1989): 79.

[48]Premdas, 187.

[49]Ibid.

[50]Ibid.

[51]Premdas, 188.

its objectives, four basic structural changes were advanced in the economy. First, the PNC instituted a series of import controls whereby goods ranging from meats to biscuits were banned. Second, price controls to limit retail and wholesale prices were adopted, the rationale being that by price-fixing and guaranteeing assured markets for locally produced commodities, the economy would be stimulated. Third, interest rates were controlled and tax incentives provided. The Burnham government hoped that these measures would stimulate local investment. In addition, the PNC adopted a minimum wage policy aimed at guaranteeing income stability among workers.[52]

Between 1972 and 1976, Burnham de-emphasized the role of foreign investments and called for the attainment of a self-reliant path to development. In 1979, he instituted a policy of full-scale nationalization of foreign-owned industries aimed at regaining domestic control over the direction of development in his nation.

During the early 1970s, considerable economic progress was made. Not only were positive growth rates recorded but inflation was kept in check, and the balance of payments was at accepted Third World levels.[53] But from 1972 onward, with the increased dependency on aid from foreign sources, with the fluctuation in prices of commodities on the world market which

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[52]Ibid.

[53]Mandle, 112.

adversely affected the price of imports into Guyana, and with revenues derived from the export of its primary products declining, the economy took a downturn.

Almost no economic advances were made in any of the major sectors of the economy. In fact, by 1980 not only was output in agricultural production down but limited increases in manufacturing were outweighed by the declining revenues derived from falling production in mining. (See Table 5.2.)

Table 5.2

Index of Physical Output
Selected Indicators (1972 = 100.0)

| Year | Agriculture | Mining-Quarrying | Manufacturing |
|---|---|---|---|
| 1972 | 100.0 | 100.0 | 100.0 |
| 1974 | 112.7 | 102.9 | 123.3 |
| 1976 | 117.0 | 106.2 | 124.9 |
| 1978 | 116.5 | 79.7 | 108.4 |
| 1979 | 107.1 | 74.0 | 109.0 |
| 1980 | 105.7 | 79.9 | N.A. |

Source: Jay Mandle, Patterns of Caribbean Development (New York: Gordon & Breach Science Publishers, 1982), 119.

By 1980, the Guyanese economy was indeed in a downturn. In addition to the declining outputs in key sectors of the economy, the Gross Domestic Product per capita fell from $625 U.S. in 1970 to $603 U.S. in 1979. In 1974, the inflation rate was approximately 20 percent.[54] The decline in macro economic performance of the Guyanese economy translated into underdevelopment in the social welfare of the nation. The

[54]Ibid.

most powerful indictment of a lack of socialist concern for the general welfare of the Guyanese people was visible in the income disparity encountered among the various groups of workers.

Chandisingh notes that "the average daily wage for sugar workers was estimated at about $6.61G in 1975 compared with $11.68G for bauxite workers."[55] In addition, in 1979 a minimum daily wage of $14.00G was imposed for public sector employees.[56] By 1979, with declining revenues from exports and mismanagement of the economy, the PNC froze all wage agreements yet, in 1981, awarded senior civil servants an average of 40 percent in pay raises.[57] This gross income disparity was matched by a 20 percent unemployment rate in 1978. The figure was as high as 40 percent among young people.[58]

By 1981, the PNC had increased taxes, removed all subsidies for essential commodities, frozen wages, and devalued the Guyanese dollar by some 20 percent. In addition, real wages fell by 23 percent in the 1980s.[59] Consequently, the standard of living for the majority of Guyanese fell

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[55]Premdas, 149.

[56]Ibid.

[57]Worrell, 84.

[58]Premdas, 149.

[59]Ibid.

dramatically by 1981. As economic conditions worsened, little in the way of social welfare was recorded.

During the early part of 1975, the Guyanese government admitted that it had "lost about $100 million G dollars in foreign exchange."[60] Aggressive plans aimed at alleviating the poverty faced by Guyanese never materialized. In 1986, over half the labor force was still unemployed. The people were malnourished, lacked efficient public services and utilities, and exhibited anti-social behavior. The nation had an external debt of over $700 million U.S. dollars.[61]

The Guyanese political system was monolithic in structure, and the decision making process was highly centralized. The relationship of the Presidency to the legislative council can, at best, be described as antagonistic with the retention of unquestioned power in the hands of the leader. Evidence suggests that no legitimate transfer of power to the people had occurred and no legitimate means of popular participation had developed.[62]

Hintzon and Premdas claim that Guyanese politics is characterized by "unrestricted communal competition for votes

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[60]Worrell, 121.

[61]Clive Thomas, The Poor and the Powerless (London: Latin American Bureau, 1988), 257.

[62]Ethlyn Prince, "The Development of Public Enterprise in Guyana," Social & Economic Studies 31 (1982): 204-207.

and...a highly centralized state apparatus."[63] Democracy has remained elusive. Authoritarian control has become necessary to prevent political disintegration.[64] Evidence of disparities in income distribution and openly discriminatory practices in favor of African-Guyanese in all aspects of government, especially in employment and income derived therefrom, raise questions about the government's motivation in claiming to be socialist. The government's reliance on the military an increase in anti-social behavior has created a totalitarian atmosphere.

That the Guyanese government found it necessary to increase its military budget and to establish the Guyana's People Militia of a time when its national treasury was depleted and social services and governmental subsidies were severely curtailed suggests that Burnham's "socialist transformation" was a pretext which was intended to enable him and the PNC to retain political control. The result of the increased military presence in the society was racial tensions and civil disobedience which contributed to the PNC's employment of force to remove remnants of opposition to its

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[63]Perry Hintzon and Ralph Premdas, "Guyana: Coercion and Control in Political Change," Journal of Interamerican Studies & World Affairs 24 (1982): 237.

[64]Ibid.

political aspirations and which established a deceptive stability based primarily on fear and coercion.[65]

By any measurement, the socio-economic development which Burnham promised to be attained via cooperative socialism did not materialize. Several reasons were advanced by the PNC to account for its policy failures. For the most part, the PNC blamed its economic failures on the international economic crisis of the 1970s. In addition to citing increases in the price of oil and other imported commodities as a direct cause of its inflation, the government attributed declining revenues derived from sugar and bauxite to falling prices on the international market.[66] It also complained about the "anti-social" provisions of IMF loans.[67] Mismanagement and incompetence associated with patronage and corruption were never part of the explanation afforded to the Guyanese people for their dilemma. In addition, salary increases for government employees at a time when the government froze minimum wage increases for the common laborers was, in itself, evidence of the corruption that was as much a part of Guyanese politics as was the racial tensions spurred on by the Burnham government.

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[65]E.E. Mahant, "The Strange Fate of a Liberal Democracy," The Round Table 265 (January, 1977): 77-85.

[66]Chandisingh, 67.

[67]Ibid.

The failure of the PNC to achieve socio-economic development and thereby to improve the quality of life of Guyanese had six major causes:

(1) The nature of the state itself,
(2) The conflict between the state and the working class,
(3) The policy of placating the public sector by increasing salaries at a time when the national treasury was depleted,
(4) The policy of increasing military and police units to maintain political power,
(5) Inefficient economic and social policy management, and
(6) Racial tensions which pervaded all aspects of life, controlling even allegiances to political parties, patronage in employment, and wage increases.[68]

By the end of the 1980s, it was questionable whether genuine cooperative socialism had been implemented in the Republic of Guyana. In retrospect the retention of capitalist infrastructures, increasing state ownership, government control over all aspects of socio-economic and political development, and the implementation of governmental policies by inefficient management stands as evidence of the failure of the PNC.

For Guyanese, this failure translated into economic deprivation and crisis. Rising prices, the scarcity of basic commodities, unemployability, and cultural tensions tended to overshadow the more immediate crises of external dependence and MNC's penetration. The most immediate consequence of

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[68]Ibid., 71.

these developments was the continued suppression of the poor by the rich--in this case, Burnham's civil servants.

By 1983, GDP per capita in Guyana had fallen by over 150 percent from the levels of 1980.[69] This statistic clearly indicates the unresponsiveness of the government first to the economic plight of the nation and then to the social welfare needs of the people. A true socialist transformation did not occur. The development of the bureaucracy and military became the central concern of the government rather than the development of cooperatives.

The Caribbean Common Market categorized Guyana in 1987 as "the poorest Caribbean country outside of Haiti."[70] Skewed ownership of land not only caused the price of sugar to increase dramatically but also caused productivity to be at an all-time low. Industrial output also plummeted in 1989; and racial animosity, inherited from the years following independence, prevailed across the nation.

Guyana faced the future with many of its skilled laborers, technicians, teachers and doctors emigrating to England or the United States. The Guyanese that stayed behind, whether of East Indian or African-Caribbean descent, felt that life had gotten worse under the newly-elected Prime

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[69]Industrial Development Bank Report, 1983, 420.

[70]The Caribbean Contact (February, 1987): 7.

Minister, Desmond Hoyte. Guyanese were no longer willing to adopt a "give Hoyte a chance" attitude.[71]

By the end of the 1980s, Guyana not only had to import sugar but also had to rely on outside sources to meet the chronic shortages of rice in this rice-producing nation. The cost of living had increased from 100 points in 1979 to 913 points in 1989. The minimum wage stood at 25.00 Guyanese dollars (the price of 25 peppermints from any street corner vender in Georgetown).[72] The food index increased by 400 percent as Guyana's inflation rate grew to five times that of other CARICOM countries with average national rates of around 150 percent per annum.[73]

Social indicators of well-being did not fair well in Guyana. In 1989, interrupted electric services and the illegal selling of drinking water from sabotaged mains played havoc with business and imposed intolerable stress on the health care system. The infant mortality rate increased from 33.6 in 1984 to 49 in 1987, and life expectancy dropped from 65 to 63.[74] In 1988, unemployment figures peaked at 32 percent as low wages in the public sector tempted theft and corruption.

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[71]The Caribbean Contact (June, 1989): 9.

[72]The Caribbean Contact (February, 1989): 9.

[73]The Caribbean Contact (March, 1989): 7.

[74]Ibid.

The social ills that plagued Guyana produced a deep recession, causing Gross Domestic Product (GDP) figures to remain below the levels of the early 1970s.[75] The World Bank reported that "economic growth, which was one percent in 1985, fell to 0.3 percent the next year."[76] In 1989, the situation grew worse as inflation continued; and the Guyanese dollar was devalued. According to one estimate, one U.S. dollar was equivalent to 45 Guyanese dollars.[77]

## Conclusion

To many, the maleficence encountered in Guyana was a direct result of the economic system. A free market system, wherein the price of commodities was attached to the American dollar and was determined by the law of supply and demand, implemented within socialist boundaries halted development in this nation.

The system produced an underground economy characterized by illegal trade in high-priced consumer goods and basic necessities, such as potatoes, canned goods, and alcohol. It also caused Guyanese on fixed incomes, for example, those employed in civil services and the burgeoning militia, to resort to "scrunting" (a Trinidadian term meaning to beg and

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[75]The Caribbean Contact (June, 1989): 9.

[76]Ibid.

[77]Ibid.

look for scraps) since they could not afford the high, black-market prices.

As a result, socio-political and economic development remained in the gestation stage. Power was highly centralized and concentrated in a few hands; little attention was paid to developing the polity. By 1990, governmental mismanagement, the graft and patronage system, and widespread corruption among high level governmental officials had brought about economic collapse.

The social amenities that had previously been in short supply were now practically non-existent. Guyana became deeply dependent on the institutions of capitalism like the World Bank. The resulting dependency had far-reaching consequences for the socialist objective of self-reliant development. As a result of the policies pursued by the Burnham government, Guyana remains underdeveloped.

## CHAPTER VI

## POST-SOCIALIST DEVELOPMENT

### A Summary of the Findings

As Caribbean nations approach the twenty-first century, the political economies of these islands have been described as possessing the following characteristics:

(1) unemployment ranging between 15 and 50 percent;
(2) social welfare systems that are, at best, inadequate to respond to the needs of the poor, which make up the majority of the population;
(3) increasing corruption and anti-social behavior as evident by the deep penetration of drug dealers into the political arena;
(4) economies that are highly dependent and deeply penetrated by multi-national corporations; and
(5) as a result, declining living standards, increasingly violent anti-social behavior by large segmenets of the population aligned to illegal narcotics trade, numerous incidents of political corruption and crime rates which are, at best, scandalous.[1]

The effect of these characteristics on the islands' Gross Domestic Product is provided in Tables 6.1 and 6.2.

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[1]Caribbean Contact (July 1988): 5.

Table 6.1

Gross Domestic Product (GDP) for
Selected Caribbean Countries 1961-1982
(percentage)

| Caribbean Basin | Average Annual Growth Rates | | | Annual Growth Rates | |
|---|---|---|---|---|---|
| | 1961-70 | 1971-75 | 1976-80 | 1981 | 1982 |
| Barbados | 6.3 | 0.0 | 3.3 | -3.1 | -4.6 |
| Haiti | 0.8 | 3.8 | 4.8 | 0.5 | -0.1 |
| Jamaica | 5.4 | 1.8 | -3.0 | 2.0 | -1.0 |
| Trinidad & Tobago | 4.2 | 3.7 | 6.0 | 4.6 | 2.5 |
| Guyana* | 3.6 | 3.5 | -0.1 | 1.2 | -10.6 |

*Guyana, situated geographically on the South American continent, is considered part of the Caribbean but not part of the Caribbean Basin.
Source: Michael B. Connolly and John McDermoth, The Economics of the Caribbean Basin (New York: Praeger Special Studies, 1985), 39.

Table 6.2

Post-War Economic Decline
(percentage)

| Country | GDP per capita | | GDP | | Export of Goods & Services | |
|---|---|---|---|---|---|---|
| | 1960s | 1970s | 1960s | 1970s | 1960s | 1970s |
| Bahamas | 3.9 | -2.1 | 8.5 | 0.6 | na | na |
| Jamaica | 3.0 | 1.4 | 6.2 | 2.0 | 7.2 | -0.1 |
| Guyana | 0.4 | -0.7 | 2.7 | 1.3 | 2.4 | 2.1 |
| Trinidad & Tobago | 1.9 | 1.0 | 4.0 | 2.2 | 6.2 | 0.9 |

Source: World Bank Atlas Tables 1980. World Tables 1980 (Baltimore: Johns Hopkins University Press, 1980).

In his historical analysis, Eric Williams likened the lack of progress in development in the decades following independence to conditions existing during the colonial period. He argued that the historical presence of economic exploitation, underdevelopment and a lack of concern by metropolitan economies for the welfare of the people created the impetus for change as was evident in the slave rebellion of the 1800s, the labor unrest throughout the region in the 1930s, and the change to socialism in the 1970s.[2]

The persistence of large scale unemployment and the failure of "the Caribbean right and private sectors to solve the problems of poverty and powerlessness"[3] is at the heart of the nations' attempt at transformation and is illustrated in Tables 6.3 and 6.4.

Table 6.3

Unemployment Rates in the Caribbean
Expressed as a Percentage of Labor Force

| Country | 1960 | 1970 | 1980 |
|---|---|---|---|
| Barbados | 8.0 | 19.0 | 13.7 |
| Guyana | 8.0 | 16.0 | 20.0 |
| Jamaica | 13.0 | 18.0 | 30.0 |
| Trinidad & Tobago | 12.0 | 12.5 | 8.7 |

Source: Kempe Ronald Hope, Economic Development in the Caribbean (New York: Praeger Press, 1986), 80.

[2]Williams, 477.

[3]Caribbean Contact (July 1988): 5.

Table 6.4

Economy Types, Major Trading Partners and Living Standards of Selected Caribbean Nations

| Economy Type & Country | Major Trading Partners | | 1979 Living Standards ($) | | |
|---|---|---|---|---|---|
| | 1950 | 1980 | Per Capita Income | Auto per 1,000 | Income for bottom 40% of population |
| Colonial: | | | | | |
| Grenada | UK | UK | 530 | 61 | na |
| St. Kitts | UK | US | 660 | 40 | na |
| Dominican Rep. | US | US | 910 | 17 | 296 |
| Modified Colonial: | | | | | |
| Jamaica | UK | US | 1,110 | 62 | 360 |
| Guyana | UK | UK | 550 | 38 | na |
| T'dad & Tobago | UK | US | 2,918 | 108 | 807 |
| Deviant Cases: | | | | | |
| Cuba | US | USSR | 810 | 9 | 613 |
| Haiti | US | US | 260 | 5 | 47 |

UK = United Kingdom
US = United States
USSR = Union of Soviet Socialist Republics
Source: Carl Stone, "Profiles of Insertion into the World Economy," Social and Economic Studies 32, no. 3 (1981), 17.

The pursuit of policies aimed at rapid industrialization, technological progress, the initiation of incentives to increase local savings and a reduction of dependence through diversification stand at the forefront of efforts pursued to improve the standard of living of the people. These reformist policies followed the subordination of the poorer classes by the minority pro-capitalist elite of the islands. Transformation was as much a reaction to inequities as it was to social woes.

The shortcomings of developmental policies pursued by the governments of Jamaica, Guyana and Grenada, were evident during the socialist period as well as after. Life for Grenadians remained substantially unchanged. In Jamaica and Guyana conditions actually declined. The years of capitalist-socialist development had failed to bring "long term lasting improvements in the quality of life of the Caribbean poor and unemployed."[4] (See Table 6.5.)

Table 6.5

Socio-Economic Data for Selected Countries in the Caribbean Community

| (Country | Area (km) | Population 1984 (000) | GNP (U.S.$) | Growth Rate % of Per Capita GNP 1965-84 Av. | Per Capita GNP 1984 (U.S.$) |
|---|---|---|---|---|---|
| Barbados | 431 | 253 | 1,105 | 2.5 | 4,370 |
| Guyana | 214,970 | 785 | 463 | 0.5 | 590 |
| Grenada | 344 | 94 | 81 | 1.7 | 860 |
| Trinidad & Tobago | 5,128 | 1,200 | 8,580 | 2.6 | 7,150 |
| Jamaica | 11,424 | 2,200 | 2,530 | -0.4 | 1,150 |

Source: CARICOM Secretariat, The Caribbean Community in the 1980s (1981).

Capitalist developmental efforts that followed socialism met with resounding failure also. In Grenada public debt increased from $200 million EC at the beginning of 1988 to 230 million EC at the end of November of the same year.[5] In

[4]Carl Stone, "Whither Caribbean Socialism?" in Jorge Heine, ed., A Revolution Aborted: Some Lessons From Grenada (Pittsburgh: University of Pittsburgh Press, 1990), 305.

[5]Caribbean Contact (January 1988): 5.

addition the Grenadian government was forced to borrow large sums of money from local banks to deal with its domestic economic crisis and at the same time to increase its dependence on the United States.[6]

Guyana's developmental efforts also experienced a conglomerative failure following a reduction in its voracious socialist rhetoric. In 1985, economic growth was less than one-half percent, unemployment averaged over 30 percent; and the nation lost a significant portion of its skilled population due to immigration.[7] In 1986 the nation experienced a heavy budget deficit, exorbitant external debt, gross devaluation in its currency, and degeneration in public sector-investments, all of which were further hampered by a deplorable public utilities system and a lack of foreign exchange.[8]

In 1990, Jamaica's problems were the most serious. In that year unemployment was projected at over 32 percent of the labor force, with the majority of the people being poor and the quality of life, for instance in health and education, suffering severely because of drastic reductions in public spending.[9] Policies of self-reliant development endorsed by the "socialist project" had failed.

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[6]Ibid.

[7]Ibid.

[8]Ibid.

[9]Ibid.

By the beginning of the 1990s, the growth of Caribbean nations which was based primarily on "import-substitution" and the export of a few agricultural products was accompanied by high levels of dependency, primarily on the U.S., for everything ranging from technology to consumer goods.

In the 1970s and 1980s the world economy had grown increasingly uncertain. Fluctuations in the price of energy and commodities including basic-need supplies, war, and exploitation by economic giants appear to have exacerbated the underdevelopment of the region. Uncertainty affected external payments, foreign reserves, trade deficits and the price of commodities. The factors which had the most adverse effect on development during the period were the price of imports, the profits derived from exports, and the declining importance in the economies of the islands of mineral extraction, coupled with a lack of policies aimed at diversification or the promulgation of alternative measures to achieve development.

Between 1979 and 1990 the economic performance of Caribbean islands varied as they continued to experience limited economic activities. In addition, the dependence of the less developed nations (LDCs) on the more developed countries (MDCs) in the region increased dramatically. The overall effect of this was an increased strain on the already depleted coffers of the "better-off" countries. Two major events contributed to this problem. First, there was a decline in the demand for the bauxite produced in Jamaica and

Guyana partly due to their nationalization policies and to competition from foreign sources. Over 50 percent Guyana's domestic exports being derived from bauxite-alumina. Second, the region's economic problems were further exacerbated by the loss of assured markets for its sugar which resulted in a loss of assured revenues. In 1984, sugar accounted for 6 percent of Jamaica's domestic exports. [10]

The declining importance of sugar in the region, signaled a decrease in the growth of the agricultural industry and a decline in the exports of other agricultural products, such as bananas and cocoa. Hope noted that "with the exception of Guyana, all of the countries experienced deficits in their balance of agricultural trade during the period."[11] The problems encountered in attempts at restructuring the economies were offset by limited gains in the manufacturing and tourism sectors. During the period government supported plans aimed at attracting tourists to the region were aggressively pursued. In addition to increased productivity and exports of finished products, the manufacturing and tourist sectors became important contributors to each nations' Gross Domestic Products.

At the same time, there was a decline in the importance of the role played by the private sector. In a mixed economy, the role of private investors cannot be underestimated. The

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[10]Chin, 67.

[11]Hope, 57.

exchange of money, the employment generated, the export of goods manufactured, and general stimulation of the economy as a direct result of their entrepreneurship, all contribute to economic improvement. The period between 1970 and 1990 was plagued by a paucity of local investors partly due to the often violent nature of the islands' political development and partly to the instability and indecisive economic policies of the regimes.

The 1970s and 1980s presented the nations of Guyana, Jamaica and Grenada or, for that matter, the entire Caribbean with more fearsome challenges than was ever faced in the regions short independent history. Comparatively, the period before had witnessed slowly increasing commodity prices with low inflation rates. From the 1970s to the present the implementation of economic reforms to aid in the developmental efforts of these nations has been hampered by high double-digit inflation rates, increasingly out-of-control cost of living rises, and stagnated income levels for the people. In addition, the region is subjected to fluctuations in prices of commodities trading on the international market.

In the 1980s, the Caribbean depended on foreign sources to supply a major portion of its basic needs, like food staples, medicines, and educational material. Then, when the price of imports increased, an exorbitant increase in the cost of staple items took place. Furthermore, the Caribbean also

depended on foreign sources for luxury consumer goods and skilled labor to satisfy its technological needs.

By 1990 Jamaica and Guyana were intensively industrialized with agriculture playing a less important role in each nation's developmental efforts. The rapid industrialization produced goods for local consumption but even more for export. Unfortunately, however, the demand for exported goods was falling. This was due partly to an increase in production costs. The result of these developments, taken together, was serious problems for the standard of living and development. In 1990 there were more homeless people on the streets of Kingston and Port-of-Spain than ever before.[12] By the end of that year the unemployed had resorted to dealing in illegal narcotics and other criminal activities to "make a living."

During the socialist and capitalist period, stretching from independence to present, per capita wage earnings actually declined in value in Jamaica, Guyana and Trinidad and Tobago. The resulting economic crisis caused the governments in these nations to drastically cut subsidies and social welfare programs such as those involving old-age pensions, health, and education. In essence, the "responsibility for survival [shifted] from the state to the household and thus

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[12]The author is a Trinidadian who has travelled at least twice each year to the island. These are personal observations and the events thereof should be so treated.

increased the burden on the poor."[13] A telling indicator of this burden could be found in a UNICEF report that stated that "real expenditure in Jamaica on services such as education, health and social security fell from $662 million in 1981-82 to J $372 million in 1985-86, a reduction of 44 percent in five years.[14]

The growing problems of malnutrition and decreased health care available are, perhaps, the most powerful indictments of failed leadership. Deere commented that in Jamaica there was a growing dependence on cheap sources of calories, such as cassava and rice; and there were "often dramatic changes in consumption and dietary patterns"[15] In 1985, 43 percent of pregnant women were diagnosed as anemic,[16] reminiscent of the conditions of pregnant women in the 1930s as described by Eric Williams.

In spite of remarkable efforts made on the part of governments all over the Caribbean, and especially in Jamaica, Guyana, and Grenada, the majority of Caribbean people and those in these nations are poor. By Carl Stone's estimate, seven out of every ten Jamaicans have income below the poverty

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[13]Carmen Deere and others, In the Shadow of the Sun (Boulder: Westview Press, 1990), 51.

[14]Ibid., 57.

[15]Ibid., 60.

[16]Ibid.

line.[17] In addition, their societies have been plagued by unequal distribution of income and the flight of local capital to more lucrative foreign banking facilities. The rich have become richer and the poor, poorer. In Jamaica, for example, a rather small percentage of the population receives high pay; and a minuscule percentage controls the majority of national income.[18]

The Caribbean has suffered increased unemployment, declining agricultural and industrial outputs and a widening gap between rich and poor. The failure of socialism and capitalism to bring about long term improvements in the quality of life is well documented. The people continue to live in poverty only three hours from the shores of the United States and the affluence of Miami.

While development in the Anglophone Caribbean was failing, it was meeting with remarkable success in a number of East Asian states.

## The East Asian Experience: A Success Story

In the years immediately following the end of the second world war, President Truman advocated a program "to help

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[17]Carl Stone, Democracy and Clientelism in Jamaica (New Brunswick: Transaction Books, 1980), 52-55. Stone sets the poverty line for urban dwellers at $50 per week and for rural dwellers at $30 per week (1977).

[18]Ibid., 54.

developing countries develop and the poor to escape poverty."[19] His "Point Four" program of 1949 mobilized resources and efforts of the First World for the purpose of helping the Third World develop, but underdevelopment persists. Over the past thirty years, though, four nations: Hong Kong, Taiwan, Singapore, and South Korea (collectively known as the "Four Dragons") have attained unprecedented economic and social growth.

East Asia today stands at the center of world economic dynamism. In 1990, the Four Dragons had a "combined GNP of 1.06 trillion U.S. dollars, a population of 190 million, [and] an annual growth rate of less than six percent."[20] This macro-economic expansion was accompanied by a rapid shift in the structure of production. This shift was followed by an:

> extremely rapid increase in national output per capita, a rapid increase in the share of the industrial work force and in real incomes reflected in sharp increases in life expectancy, in access to health facilities, and in other health related indicators, and a rapid rise in adult literacy rates.[21]

In addition, those states have transformed their economic structures so that "the agrarian sector, including

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[19]Quoted from Tibor Satousky, "Economic Development in Taiwan and South Korea 1965-1981" in Lawrence J. Lan, ed., Models of Development (San Francisco: ICS Press, 1986), 135-141.

[20]Peter Nolan, "Assessing Economic Growth in the Asian NICs" in Journal of Contemporary Asia 20 (1990): 41-42.

[21]Ibid., 41.

[approximately] 60 percent of the population now accounts for less than 20 percent of the GNP."[22] (See Table 6.6.) These nations achieved phenomenal growth both economically and socially as Tables 6.7 and 6.8 indicate.

In attempting to explain the high growth experiences of these East Asian States, Bela Balassa claims that:

> the evidence is quite conclusive...countries applying outward-oriented development strategies had a superior performance in terms of exports, economic growth, and unemployment, whereas countries with inward orientation encountered increasing economic difficulties.[23]

The success of the East Asian experience can be credited to a shift from import-substitution to an export-led economy. Active participation in international trade is pursued, and open market competition and private entrepreneurship is actively encouraged.

The move away from import-substitution to satisfy local consumption did not offer a "quick fix" for the ills facing these developing nations. Decisive and innovative policies had to be devised to ensure take-off. The government assumed a central role in stimulating the economy. Governments in each of these nations helped launch and sustain an export-led strategy. For example, subsequent to the policy of import substitution in the 1950s, the Korean government "intervened

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[22]Ching-Yuan Lin, Latin America vs. East Asia (London: M.E. Sharpe, Inc., 1989), 12-13.

[23]Quoted from Bela Balassa, The Newly Industrializing Countries in the World Economy (1981).

in the allocation of resources, creating an entrenched policy bureaucracy that control[s] the means for plan implementation."[24]

Table 6.6

Economic Performance of East Asian States
1989 U.S. Dollars (%)

| Category | Japan | Korea | Taiwan | Singapore | Hong Kong |
|---|---|---|---|---|---|
| Per Capita Income | 23,539 | 4,968 | 6,889 | 10,810 | 10,918 |
| Manufacturing % of GNP | 30.9 | 34.5 | 35.6 | 30.1 | 26.7 |
| Manufactured Goods as % of Total Exports | 86.7 | 94.5 | 96.8 | 81.3 | 88.0 |

Source: Adapted from Steven Schlossetein, Asia's New Little Dragon (Chicago: Contemporary Books, 1991), 5.

Table 6.7

Percent of Industrial Output
to Total Production

| Country | 1965 | 1989 |
|---|---|---|
| Singapore | 24 | 37 |
| Republic of Korea | 26 | 41 |
| Taiwan | 29* | 48 |
| Hong Kong | 24** | 24 |

*1960
**Unchanged, but service sector increase in share from 58% in 1965 to 68% in 1985, a reflection of rapid expansion of financial services.
Source: Peter Nolan, "Assessing Economic Growth in the Asian NICs" in Journal of Contemporary Asia 20 (1990): 42.

[24]Yung Chue Park, "Development Lessons from Asia" in World Development 17 (1989): 119.

Table 6.8

Selected Economic Indicators
for East Asian Economies

| Country | Avg. Annual Growth Rate of GNP per capita | Life Expectancy at Birth (years) | Avg. Annual Growth Rate of Exports | | Export of Goods & Non-factor as % of GDP | |
|---|---|---|---|---|---|---|
| | 1969-1985 | 1985 | 1965-1980 | 1980-1985 | 1965 | 1985 |
| Singapore | 7.6 | 73 | 4.8 | 5.9 | 123 | 164 |
| Hong Kong | 6.1 | 76 | 9.5 | 9.4 | 71 | 106 |
| S. Korea | 6.6 | 69 | 27.3 | 13.0 | 9 | 36 |
| | 1960-1978 | 1978 | 1960-1970 | 1970-1978 | 1960 | 1978 |
| Taiwan | 6.6 | 72 | 23.7 | 9.3 | 11 | 59 |

Source: World Bank, World Development Report 1979, 1987; Far Eastern Economic Review, Asia Year Book 1984.

Government intervention has been criticized as often exceeding the limit generally held to be appropriate. However, governments in the region assumed active roles in policies of industrial decision making and finance. In addition, governments kept a tight reign on what commodities could be imported, allowing importation only if an adequate domestic substitute could not be found.

Often, export performance of industries was used to determine credit worthiness. Since government bank loans were financed at a lower rate of interest, the incentive to industries was to increase export productivity. Governments in the region actively advocated tax holidays, such as those South Korea provided for in the Tax Exemption and Reduction

Control Act of 1975. The intrusion of government into the economies of these nations, though, has not produced a totalitarian effect. Once the economy was performing well, the governments slowly began to withdraw their control. For example, the government in South Korea has slowly withdrawn from roles in domestic financing, import barriers, and domestic export promotion.

In addition to the government, other institutions have enhanced these nations' abilities to develop. Banks played a role in reforming and implementing tax policies to assist developing industries, and public enterprises have become integral to the "Four Dragons" developmental process. The private sector has aided the public sector, for example, in the "ten big projects" of Taiwan.

In 1990 these four nations produced unprecedented employment gains as the expansion in labor-intensive manufacturing exports continued to dominate the policies advocated to achieve take-off and sustained development. The reduction in unemployment occurred concomitant with improved income distribution overall as rapid expansion in employment opportunities for unskilled workers reinforced policies geared toward decentralizing the economy and producing free market competition.

Several reasons are given to explain the success of these "four little dragons:"

(1) a set of prices and other incentives which made it profitable to invest in activities which heavily used unskilled labor and conserved scarce capital and skilled labor,

(2) extensive government intervention in the economy,

(3) strong incentives to produce goods which were competitive in the world market, and

(4) high returns to investors and an environment in which arbitrary, personalistic decisions were limited.[25]

In 1983, the London Economist claimed that "despite the fact that 75 million Mexicans and over 130 million Brazilians sit on America's doorsteps--they export only a quarter as much as 18 million Taiwanese."[26] For the people of East Asia, the 1980s were a period of unprecedented economic expansion and social growth. Chris Dixon noted that:

> East Asia has played a major role in the world economy. It has supplied key raw materials, provided markets for developed world goods, received investments and, most recently, multinational manufacturing.[27]

In East Asia, despite the ravage of war between 1950 and 1980, a cursory examination suggests that "rapid economic growth occurred, surpassing the average growth rate of GDP of

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[25]Adapted from Gustav Papanek, "The New Asian Capitalism: An Economic Portrait" in Peter L. Berger and Hsin-Huang Michael Hsiao, eds., In Search of an East Asian Development Model (New Brunswick: Transaction Books, 1988), 37-39.

[26]The Economist (April 30, 1983): 7.

[27]See Chris Dixon, South East Asia in the World-Economy (Cambridge: Cambridge University Press, 1991), 1.

the Third World market economies, accompanied by a better measure of improvements in the standard of living of much of the population."[28] The economic growth not only produced low unemployment figures but also diversification as these nations moved from a predominantly agrarian to an industrial economy.[29]

The macro economic records of Hong Kong, South Korea, Singapore and Taiwan reveal that between 1960 and 1982 annual per capita growth in GNP ranged between six and seven percent compared to a 3.5 percentile average for other Third World nations;[30] in Singapore and South Korea this stood at well over 7.9 percent in 1983.[31] In addition, exports of manufactured goods in Hong Kong grew at an annual rate of 10.7 percent between 1980 and 1986. During the same time period in South Korea, exports averaged 13.1 percent.[32] The positive economic gains recorded in these emerging nation-states translated inevitably into fundamental structural changes.

By far the most obvious and important change was the shift away from the export of primary products especially of

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[28]Frederic C. Deyo, ed., The Political Economy of the New Asian Industrialism (Ithaca: Cornell University Press, 1987), 26.

[29]Ibid., 27.

[30]Ibid.

[31]1985 United Nations Statistical Yearbook (New York: United Nations, 1985), 91.

[32]World Development Report (World Bank, 1986, 1988).

agricultural products and minerals to the export of industrial products and services. In the 1980s, despite the fact that these countries controlled over 80 percent of the world trade in rubber, palm oil and cassava,[33] over 40 percent of their work force was employed in the industrial sector with a comparable portion in service industries.[34] This compared unfavorably with 21 percent employed in industry and over 44 percent in agriculture in other similar Third World nations.[35]

## An East Asian Comparison with the Caribbean

In the Caribbean, growth records were less favorable. Between 1975 and 1980, Jamaica and Guyana experienced a negative growth in GDP of -2.5 percent while Guyana grew at a rate of 2.9 percent. By 1987 and 1988, the general pattern remained unchanged, as Table 6.9 indicates. As a direct result of these negative growth rates, development in Jamaica and Guyana came to a virtual standstill. (See Tables 6.10 and 6.11.)

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[33]Dixon, 7.

[34]Deyo, 27.

[35]Ibid.

Table 6.9

Growth Rate of Gross Domestic Product Per Capita
For Selected Caribbean and East Asian States

| Nations | Years 1936 | 1987 | 1988 |
|---|---|---|---|
| Jamaica | 0.4 | 3.7 | -2.1 |
| Guyana | 0.3 | 0.7 | -1.3 |
| Grenada | na | na | na |
| Singapore | 5.3 | 8.8 | na |
| South Korea | 100 | 111 | na |

Source: United Nations Statistical Yearbook 1987 (New York: United Nations, 1987), 91.

Table 6.10

Consumer Price Index for Selected Years
Caribbean and East Asian States
(1980=100)

| | 1982 | 1983 | 1984 | 1985 | 1986 | 1987 |
|---|---|---|---|---|---|---|
| Guyana | 170 | 209 | 245 | 264 | 339 | na |
| Jamaica | 152 | 166 | 180 | 190 | 198 | 206 |
| Grenada | 7.9 | 145 | 147 | 148 | 147 | 104 |
| S. Korea | 135 | 138 | 141 | 144 | 149 | 160 |
| Singapore | 114 | 119 | 117 | 116 | 116 | 118 |

Source: United Nations Statistical Yearbook 1987 (New York: United Nations, 1987), 114.

Table 6.11

Structure of Gross Domestic Product
Caribbean States

| | Guyana | | Jamaica | |
|---|---|---|---|---|
| | 1970 | 1981 | 1970 | 1981 |
| Agriculture | 23.3 | 27.8 | 9.0 | 8.8 |
| Mining | 20.4 | 16.5 | 13.7 | 13.9 |
| Manufacturing | 8.1 | 8.1 | 12.7 | 9.8 |
| Government | 13.2 | 18.7 | 8.5 | 16.2 |

Source: Adapted from Henk E. Chin, The Caribbean Basin and the Changing World Economic Structure (Amsterdam: Wolters-Noordoff, 1986) 74-75.

Inflation increased[36] while real wages and per capita consumption decreased. Local savings and investment fell and so did foreign investment. The failure to attract foreign investors in the 1980s not only translated into a decrease in the volume of direct investments but also caused an expansion of the islands' external debt, which is illustrated in Table 6.12.

In 1985 Jamaica received over 264 million U.S. dollars in aid; by 1987 this fell to 233 million U.S. dollars.[37] In contrast South Korea and Singapore both recorded negative assistance for development partly because of the highly

[36]Deere, 21. Reference is to inflation rates and the annual averages of monthly consumer price indexes. Inflation is an abnormal increase in available currency and credit beyond the proportion of available goods, resulting in sharp and continuing rises in price levels. The American Heritage Dictionary, 2d College Edition (Boston: Houghton Mifflin Co., 1972).

[37]Ibid., 239.

developed nature of their political economies but more so because of their governments' aggressive and progressive economic programs. In 1985 South Korea received 157.8 million U.S. dollars while Singapore received 5.8 million U.S. dollars. In 1987 both South Korea and Singapore received -390.4 and -8.3 million U.S. dollars in aid, respectively.[38]

Table 6.12

External Debt of Developing Countries
Caribbean and East Asian States
(In Millions of U.S. Dollars)

| Country | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|
| Grenada | 46.6 | 51.8 | 64.9 | 65.0 |
| Guyana | 749.6 | 825.8 | 916.5 | 904.9 |
| Jamaica | 2936.1 | 3105.4 | 3569.0 | 3511.6 |
| Korea | 28304.0 | 29354.3 | 24541.1 | 21349.2 |
| Singapore | na | na | na | na |

Source: United Nations Statistical Yearbook 1988 (New York: United Nations, 1988), 238.

Between 1980 and 1987, unemployment averaged over 20 percent in Jamaica and Guyana compared to less than four percent in South Korea and Singapore,[39] illustrated by Table 6.13.

[38]Ibid.

[39]United Nations Statistical Yearbook (New York: United Nations, 1988), 67.

Table 6.13

Unemployment for Selected Countries in the Caribbean and East Asia Regions

| Years | Jamaica | Guyana | Grenada | S. Korea | Singapore |
|---|---|---|---|---|---|
| 1980 | 27.3 | 15.62 | 27.9 | 5.2 | 8.0 |
| 1981 | 25.9 | 20.38 | na | 4.5 | 2.9 |
| 1982 | 27.6 | 27.04 | 14.2 | 4.4 | 2.6 |
| 1983 | 26.4 | 7.22 | na | 4.1 | 3.2 |
| 1984 | 25.5 | 11.68 | 39.5 | 3.8 | 2.7 |
| 1985 | 25.0 | 13.33 | 21.0 | na | na |
| 1986 | 23.6 | 30.0 | na | 3.8 | 6.5 |
| 1987 | 21.0 | na | na | 3.1 | 4.7 |

Source: United Nations Statistical Yearbook 1987-88 (New York: United Nations, 1987, 1988).

The general welfare of the people, as evidenced from their vital statistics, again shows the Caribbean countries lagging behind. (See Tables 6.14 and 6.15.)

Table 6.14

1987 Population
Caribbean and East Asian States

| | |
|---|---|
| Jamaica | 2,205,507 |
| Guyana | 758,619 |
| Grenada | 89,088 |
| Singapore | 2,413,945 |
| S.Korea | 25,120,945 |

Source: United Nations Statistical Yearbook 1987-88 (New York: United Nations, 1987, 1988).

Table 6.15

Vital Statistics 1987
Caribbean and East Asian States
(per capita comparison)

| | Jamaica | Guyana | Grenada | South Korea | Singapore |
|---|---|---|---|---|---|
| Life Expectancy | 72.5 | 65.0 | 69.0 | 69.74 | 63.0 |
| Health[1] | 4.9 | na | 4.0 | 4.2 | 23.8 |
| Education[2] | 3.9 | 8.4 | 2.2 | na | 12.4 |
| Luxuries[3] | | | | | |
| Televisions | 105 | na | na | 186 | 186 |
| Radios | 442 | 366 | 442 | 300 | 525 |
| Automobiles | na | na | na | 344 | 236 |
| Telephones | na | na | na | 26 | 43 |

[1]Number of doctors per 10,000 population.
[2]Illiterate, percentage of population, age 15+.
[3]Commodities per 1,000 inhabitants.
na = not available
SOURCE: United Nations Statistical Yearbook 1989 (New York: United Nations, 1989).

In 1990 not only did the health of West Indians suffer but the education system exhibited a lack of basic supplies, books and equipment for secondary education. In 1985, for example, the Jamaican government spent 15.8 percent of current expenditures on education compared with 16.8 percent by the Singapore government and over 28 percent by the South Korean government.[40]

The World Bank reported in 1989, an increase in infant mortality in Guyana from 16 per thousand in 1980 to 18 per

[40]United Nations Statistical Yearbook (New York: United Nations, 1987-88).

thousand in 1987.[41] In 1986, the World Bank reported that the infant mortality rate for Singapore averaged 9 per 1000 live births.[42]

The East Asian states had decreasing foreign debts when compared to West Indian nations, higher growth rates in GDP, better employment, decreased inflation, and stabilized and competitive political economies. In addition, East Asian states sustained lower disparities in income distribution than West Indian nations when measured by the Gini coefficient[43] (see Table 6.16).

Table 6.16

Income Distribution by Gini Coefficient
Caribbean and East Asian States

| | | | | | | |
|---|---|---|---|---|---|---|
| Jamaica | 1968 | 0.628 | 1973 | 0.651 | 1980 | 0.655 |
| South Korea | 1964 | 0.34 | 1970 | 0.33 | 1976 | 0.38 |
| Singapore | 1966 | 0.499 | 1975 | 0.452 | 1980 | 0.455 |

Source: Gary S. Fields, Employment, Income Distribution and Economic Growth in Seven Small Open Economies (New York: The American Economic Association, 1982).

[41]World Bank, The World Development Report 1982 and 1983 (Washington, D.C.: World Bank, 1982, 1983), Table 32.

[42]World Bank, World Development Report 1988 (Washington, D.C.: World Bank, 1988).

[43]The Gini Coefficient is an international standard of income inequality--the lower the Gini coefficient, the more equitable is the distribution of income across households. Deyo, 29.

## Why Underdevelopment Persists in the Anglophone Caribbean

It is now generally accepted among development analysts that economic growth alone is not a sufficient indicator of development. Several reasons are cited for this anomaly. Many developing nations have experienced rapid economic growth without concomitant socio-political development. Their growth has been accompanied by skewed income distribution and hyper-subsistence. Unemployment, which has been described as a sufficient proxy for poverty, has skyrocketed in recent years and has worked to demoralize developmental efforts. The Caribbean nations have experienced such problems.

For the past thirty years, Caribbean development has vacillated between bouts of economic boom and epidemically depressed socio-economic conditions. The region has been categorically described as stagnant. Although explanations ranging from the region's colonial heritage to its plantation-style economy have been advanced to account for its lack of development, in recent years these have proven inadequate to account for the modern-day persistence of poverty. Arguably, though, underdevelopment in the Caribbean is rooted in the region's history. Though the region is emerging from a period of grim colonialism, labor unrest, social discontent, and inequitable distribution of wealth and land, these explanations appear inadequate to account for its underdevelopment.

In the years immediately after independence, West Indian nations appeared ready to make the transition from "colonial-mercantilism," [44] to modernity. Governments sought to regulate foreign intervention in their economies and instituted policies aimed at redistributing internally a greater share of the profits derived from industrialization. The sole purpose of these policies was to develop the socio-political infra-structure of the nations. But, as the end of the 1980s approached, rising prices of imported commodities, high energy costs, declining exports, and rising interest rates on foreign loans, played havoc with the economics of these nations; and underdevelopment persisted. By the beginning of the 1990s, the Caribbean was more heavily penetrated by transnational corporations than any other part of the world. Technically, the region was in the grasp of a "recolonization" process.

As demonstrated throughout this research, penetration, either by large conglomerates or by economic assistance from foreign governments did not alleviate the conditions of these polities. In fact, by 1990, conditions had worsened. These newly emerging, independent states attempted to transform and

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[44]Mercantilism is defined as an economic system that supports increasing the wealth of the polity through strict governmental control. In addition, a favorable balance of trade and industrialization are the end results of its policies. "Colonial-mercantilism" retains all of these variables but implies strict control form an outside source, as had occurred in Trinidad which remained a Crown Colony until 1963. Adapted from Webster's Ninth New Collegiate Dictionary (Springfield: Merriam-Webster, Inc., 1984).

develop their polities by adopting radical economic policies that were foreign to their experiences. They were forced to do so in the face of racial animosity and intra-group tensions.

Adopting alternative economic means to assist in the transformation of their societies proved unproductive. The end result was the evolution of black markets, corruption, and "underground economies." Jamaica, Grenada, and Guyana chose variations of socialism as an alternative to effect development.

In these three countries, attempts at implementing socialist policies while retaining non-socialist infra-structures proved to be the "Achilles heel" of the project. Fundamentally, there was no real transference of power to the populace, which is the crux of socialist transformation. Additionally, social ownership of the means of production was non-existent. Consequently, the socialist regimes retained close linkages with the capitalist world. The continued dependence by Jamaica and Guyana, especially, on ties to capitalist institutions while espousing the antimony of socialism accounted for lack of development. By 1990, Guyana was reeling from exorbitant indebtedness to the International Monetary Fund, whose loan provision called for the retrenchment of civil-service employees, among other things. This did not help the already burgeoning unemployment figures.

The failure of the socialist project was apparent in the failure of the regimes to promote the social welfare of the people. This laid the foundation for the continued decline in the welfare of the working poor. During the socialist period, the government treasuries in Grenada and Jamaica were depleted by the efforts to revitalize social programs and create jobs. The deficits produced by these "not-properly thought-out" schemes have played havoc with recent capitalist attempts to re-stimulate the economy. In Jamaica, present day unemployment is more than twenty percent of the employable work force.

On a broader theoretical front, it has been contended that schisms created by the socialist experiment are the fundamental cause of the region's persistent poverty. Class lines deepened; and the building of alliances between groups, such as the peasants and the working class, was made more difficult. This was another major shortcoming of the socialist project.

Among the problems encountered in the post-socialist era by capitalist attempts at development were the problems of racism, ethnicity, ideology, and corruption. R.T. Smith has observed that:

> Force was a very important element in the stabilization of post-emancipation society, but it was not the only element...there was also a deliberate attempt to create a set of common values or an ideology for the whole society. These values

> stressed the importance of, among other things, the superiority of the English culture.[45]

Smith believed that an elite creole class, by distinguishing themselves from the working class by means of color, initiated animosity that was to characterize the societies of both Guyana and Trinidad in the late 1960s and early 1980s. Smith claimed that this creole elite considered themselves "qualitatively different from other non-Europeans by virtue of their refinement."[46] Smith further believed that there were no universal values in the Caribbean, and only the power of the dominant group produced some degree of cohesion in West Indian society. Viewed from this perspective, economic and political development in the Caribbean is a function of the elite strata of the population.

To strengthen Smith's analysis, Gordon Lewis claimed that:

> social bullying and economic intimidation are pretty much the order of the day in the lives of [Caribbean] masses...nor does the political fact of independence...change the social system. It merely transfers its control from the metropolitan masters to the local ruling groups.[47]

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[45]See M.G. Smith, "Social Stratification, Cultural Pluralism, and Integration in West Indian Society" in Caribbean Integration: Papers on Political, Economic and Social Integration (Rio Pedras Institute of Caribbean Studies), 226-258.

[46]Ibid., 257.

[47]Gordon Lewis, The Growth of the Modern West Indies (New York: Monthly Review Press, 1968), 44.

In Guyana, this problem manifested itself in present-day racial conflict and animosity. This has adversely affected economic development and perpetuated the social ills that have plagued West Indians, especially Guyanese, since independence. As a consequence of this, Afro-Guyanese, Portuguese, and Indo-Guyanese workers and farmers often "used ruling class racial stereotypes to explain their respective social and economic positions and to blame each other for their poverty and economic insecurity."[48]

In Guyana, this materialized in food production shortages due to Indo-Guyanese boycotts of agricultural production and increases in the minimum wages of the civil service, which is staffed primarily by Afro-Guyanese and a small minority of British subjects. The degrading atmosphere that pervades much of this society has produced deviant social behavior by both races and slowed development. Cutting back production has caused the nation to become dependent on foreign sources supply for its basic necessities which include sugar and rice, once produced in Guyana for exports.

The racial tensions have also caused the present government to dramatically increase its para-military and police forces to put down Indo-Guyanese insurgencies. Ethnic boundaries appear to play a major role in the conflicts between working classes of diverse ethnicity in Guyana, as

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[48]See Dennis Bartels, "Ethnicity, Ideology, and Class Struggle in Guyanese Society" in Anthropologica 23 (1980): 44.

well as in Trinidad and Tobago. However, in Trinidad reactions have been more violent. The 1969 Black Power uprisings and the Islamic Fundamentalist coup attempt in 1991 was as much an outgrowth of class conflict as it was of ethnic animosity and the underdeveloped nature of these nations' polities.

Although Jamaica and Grenada did not encounter similar problems in their ethnic and cultural development, the ominous presence in Jamaica of a white minority that owned a decisively larger proportion of the industrial productivity caused constant tension which has erupted into violence in recent years. As affluence exists alongside the stench of poverty, Jamaicans blame this minority for suppressing its development experiments. Although one cannot say that underdevelopment is caused solely by ethnic and cultural conflict in Caribbean nations, given the socio-economic success of South Korea, Singapore, and Taiwan, which possess little ethnic diversity and no cultural pluralism, critics of the policies advocated by the present governments point to racial discrimination against minority populations as an essential component of underdevelopment in the region. In addition, the corruption and extravagance of a small proportion of the population have been blamed for inflation, mass unemployment, deterioration of social services, inadequate medical and housing facilities, and food shortages.

Aside from the problem of ethnicity caused by racial tensions, modern-day Jamaica and Guyana have been plagued by the development of an underground economy supported by illegal narcotics smuggling and black markets for consumer goods black-listed by their governments. These goods have included basic necessities, such as tin fish, soap, and toilet paper. In 1985, government officials in Guyana were accused of nepotism, graft, and depleting the treasury by instituting and paying contractors for public works programs that have yet to be started. In Jamaica, officials were less criminally inclined; but high-ranking police officers were accused of taking bribes to allow the free passage of illegal narcotics in the island.

The corruption and patronage system, fueled by a flourishing black market, undoubtedly hampered development. Adequate funds were not available to finance the continued development of social programs, and anti-social behavior reeked havoc with the government's ability to institute programs aimed at rebuilding the nation in the post-socialist period. The "final straw" came in 1991 in Trinidad and Tobago when an investigation was launched against a government official who had allegedly stolen millions of dollars from the Trinidad treasury. In addition, as medicines became unavailable, homelessness grew, the real value of salaries decreased, hyperinflation played havoc with the poor, and the Trinidad government announced the erection of a statue in

commemoration of a social prostitute at the cost of one-half million dollars. The nation reacted with a failed, violent coup.

The most perverse cause of this region's problem lay not in race, class conflict and corruption but in the mismanagement of its economic policies and the very nature of its geography. Capitalism failed to promulgate development; this has been adequately demonstrated throughout the research. But, "socialism" failed, also. Capitalism laid the foundation for development, while socialism caused underdevelopment to persist. This is not to say that capitalist policies did not contain their own fundamental inadequacies.

Mismanagement of economic policies during the "pseudo-socialist" period and again during capitalist attempts at socio-economic transformation accounted for perpetual underdevelopment. For example, in Guyana by 1990, the economy had worsened considerably. Many years of poor management and bad practice left industrial productivity crippled. As skilled technicians emigrated and wildcat strikes became common, the government in 1980 was called upon to make up some 40 million BG dollars in losses.

The country throughout the 1980s had experienced balance of payment problems and failed adjustment policies which made foreign exchange scarce. The Guyanese government recently attempted to ration foreign exchange with controls on prices

and transactions. This has brought inefficiencies and aggravated shortages of raw materials and consumption goods.

These problems in Guyana were further aggravated by the nationalization policies of the government. By 1976, for example, up to eighty percent of Guyana's sugar industry had been nationalized (and this trend has continued to today). However, productivity has declined. To offset declining revenues from the mono-culture of sugar, the government put in place import controls and prohibited certain imports. This has created immense chaos in the nation. One of the immediate effects of these actions was the growth of black markets. Declines in real wages, loss of jobs, and decreased living standards were the prime result of the nationalization policies in this nation.

To alleviate these problems, the Guyanese government was and is presently committed to strong interventionist policies and has continued to work to bring all economic activity under state direction. To offset underdevelopment in the nation, the government in the early part of the 1980s pursued policies of fiscal expansion, tight budgetary controls, and exorbitant increases in wages for government employees. In the 1980s, the government launched a new investment program and financed it by creating new money. However, in 1990, the measures adopted to control expenditures by limiting government purchases abroad failed dismally. This caused the government to promptly abandon its internal development programs.

In recent years, the Guyanese authorities have been prepared to introduce very severe fiscal contraction to stabilize the economy and contain foreign exchange spending. But tight budget controls were offset by the failure of the nationalization process to bring about increases in revenues; and the centralization of economic decisions frustrated the fiscal strategy so that national expenditures could not be reduced. The resulting problem was the persistence of underdevelopment and the continued decline in living standards as salaries remained stagnant for many years while prices increased at the rate of about seventeen percent per annum.

The policies initiated in Grenada and Jamaica from the post-socialist period to today did not fair any better. In both countries, as was demonstrated throughout this research, underdevelopment persists. In both nations, though, like Guyana, present-day underdevelopment is rooted in the fiscal policies pursued during the socialist period.

In the 1970s, the Jamaican government adopted cautious economic policies. These policies were designed to contain government expenditure and protect the external payment position of the nation. By 1979, though, these policies had failed as fiscal deficits widened in relation to GDP; and balance of payment deficits reached crisis proportions. By this time, the government had instituted exchange rate changes, foreign exchange controls, credit limits, and wage-price guidelines. In addition, bank rates in 1980 were

lowered to stimulate local investments and savings; and consumer installment credit was eased. By 1985, though, these policies had failed to solve the problem of deficits in the balance of trade and losses in foreign exchange. Today, the government has been forced to raise the bank rate and to impose selective import and credit controls.

During the 1980s, the Jamaican government was forced to devalue its dollar against U.S. currency. This, coupled with fiscal rectitude created havoc for the implementation of many of its social reconstruction programs. Immense budget deficits persisted; the government's debt service increased; and IMF loans made to deal with its credit problems were accompanied by tight restrictions. As a result, Jamaica was unable to improve the lives of the people. During this period, the government advocated allowing the private sector to determine the exchange rate. This proved to be another of its ill-contrived policies.

Consequently, sharp increases in government spending, budget cuts, price controls, and restrictive policies dealing with foreign exchange, credit and interest rates proved unable to produce development in Jamaica. Grenada did not fair well, either. The pro-democratic government placed in power after the U.S. invasion of Grenada embarked on programs similar to those followed in Jamaica. Drastic measures to cut public spending by, for example, reducing governmental subsidies and financial support for agricultural projects were instituted.

In addition, the government sought to reduce per capita spending in order to balance a budget gone insane during the socialist period. However, as in Guyana and Jamaica, deficits in the terms of trade and declining foreign exchange due to the inability of island commodities to compete on the international market cause underdevelopment to persist.

In 1980, the fiscal deficit in Grenada reached 16 percent of the nation's GDP. Overall, government expenditures increased from 26 percent of GDP in 1980 to 42 percent in 1982. However, having a small economy, recovering from the trauma of a revolutionary attempt at transformation and being inextricably linked to the world economy, Grenada experienced a drastic plummeting of its foreign exchange reserves, deficits in its balance of trade, and declining revenues. The latter problem was also due, in no small part, to decreased industrial productivity toward the end of the socialist period. In the present decade, the pursuit of a capital intensive "re-industrialization" program is the "Achilles heel" of developmental efforts in Grenada. For all its "alleged" gains during the socialist period, today Grenada, like Jamaica and Guyana, remains relatively poor by world standards.

The persistence of present-day underdevelopment in the Caribbean, though, is a function of external as well as internal problems. Thomas Anderson claims that a "growing internationalism" contributed to the region's undeveloped

status.[49] Carl Stone contends that the nation's innate linkages to the core metropolitan economies of Europe and North America and the resulting dependency thereon have been the major cause of the region's lack of development.[50]

The above arguments must not be confused with dependency arguments made by ECLA and others to account for the persistence of underdevelopment in emerging nations. This research maintains that small economies can achieve development by utilizing the notion of "dependence for support" if, as in the East Asian case, their economic policies are not mismanaged.

Jay Mandle, on the other hand, holds that the region's inability to develop results from a dependence on a mono-culture existing in either agriculture or industry.[51] Some Caribbean analysts, like George Beckford, have advanced the notion that the plantation-style economic infra-structure,[52] which is a direct legacy of the colonial period, still

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[49]Thomas Anderson, Geopolitics of the Caribbean Mini-States in a Wider World (New York: Praeger Press, 1984), 105.

[50]Carl Stone, "Patterns of Insertion into the World Economy: Contemporary Options and Historical Profile" in Social and Economic Studies 32 (1982): 18.

[51]Jay Mandle, Patterns of Caribbean Development (New York: Gordon and Breach Science Publishers, 1982), 37-52.

[52]A plantation economy, according to Sudama, includes the preponderance of agriculture as the mainstay of the economy, the import of labor and the emergence of a culture that tends to reinforce class relations, i.e., the dominance of one group over another. See Trevor Sudama, "The Model of the Plantation Economy" in Latin American Perspective 20 (1979): 65-67.

persists today and is supported by this mono-culture, which accounts for the economic policies pursued in the region and its resulting underdevelopment.

A major cause of persistent underdevelopment in the region is the existence of small economies. Economists have advanced the notion, which has been widely accepted, that nations possessing this characteristic will become heavily dependent on the international economy. The problem is exacerbated by the existence of mono-cultures. In addition, these nations will have their autonomy slowly eroded, becoming client-states of metropolitan economies as they lose first their bargaining power and then their decision-making abilities.

Developmental economists further argue that these small economies will fail to improve their living standards if they are unable to increase per capita exports. Export-led development was one significant variable accounting for the success of the East Asian region. One further argument advanced is that small economies cannot expand their public expenditures beyond the constraint of revenues derived from commodity productivity. Both Grenada and Jamaica embarked on ambitious schemes of reconstruction during the socialist period. In the present post-socialist period, the exorbitant costs of these programs have been transferred to the governments now espousing a capitalist approach to development. This has created economic hurdles for present-

day social progress. One major problem still existing is monies that could be used for infra-structural development now have to be diverted to pay outstanding notes.

Small economies in the 1970s and 1980s, including those of Jamaica, Grenada, and Guyana, suffered from exchange rates fluctuations, dramatic increases in the cost of energy, stagflation, and a deepening of the world recession. In general, export markets weakened, terms of trade became highly unstable, and inflationary pressures played havoc with the price of food and other staples. Attaining growth in this economic environment was a formidable challenge.

Small nations peg their exchange rates to those of their major trading partners, with the net result that growth, inflation, and recession on the global level are transmitted directly to these small economies. The vulnerability to shocks at the world level, especially in the case of present-day Jamaica and Guyana, has produced relatively poor macro-economic performances in the long run and regime instability in the short run. The linkage to the world economy has perpetuated underdevelopment in the Caribbean.

A second consequence of small size has been the growth of foreign debt. Governments in these islands have had to impose high tax rates which in turn have depressed domestic savings while the governments have attempted to maintain their present per capita consumption. In addition, the balance of payment

difficulties caused by decreased export earnings in these small economies have worked to retard production and growth.

Structurally, small economies, especially those in the West Indies today, display the following characteristics:

(1) the share of GDP devoted to public consumption has increased dramatically,

(2) these small economies have become open and vulnerable,

(3) the resource gap has greatly increased,

(4) the external public debt as a percentage of GDP is high,

(5) government expenditures have increased exorbitantly, and

(6) the rate of growth has been slowed.

These characteristics help account for the persistence of underdevelopment in the region. Furthermore, the fiscal policies pursued by these nations have exacerbated their problems.

The problem of size appears from this analysis to be a major contributor to the persistence of underdevelopment in the Caribbean region. To eliminate this problem, this research advocates the formation of a common market among Caribbean nations, pursuing a unified policy of self-reliance through controlled dependence. This will be examined in the next section.

## A Proposal for Achieving Development in the Anglophone Caribbean

By the end of 1990, as the evidence gathered in this research has adequately demonstrated, Caribbean states were socio-economically underdeveloped; and political development is still in its gestation period even after some thirty years of independence. In the 1970s, Jamaica, Guyana, and Grenada sought through a radical reordering of their economic and political systems to change the direction of the development of their polities. They moved from "colonial mercantilism" to "pseudo-socialism." As was shown, both systems failed.

The failure of "capitalism" and "socialism" to improve the general welfare of West Indians leads this research to propose regional integration among these nation-states, coupled with collective and controlled dependency, and, ultimately, collective self-reliance as viable alternatives to foster development.

In the 1950s, studies by Karl Deutsch and Ernst Haas placed integration theory in a prominent position among approaches to the study of international relations.[53] In the post-colonial period, Europe was the central focus for the study of the utility of this theory. In more recent years, Latin America, the Caribbean, and Africa have offered fertile

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[53]See, for example, Karl Deutsch, et. al., Political Community and the North Atlantic Area (Princeton: Princeton University Press, 1957) and Ernst Haas, The Unity of Europe (Stanford: Stanford University Press, 1958).

ground for the study of this phenomenon. Ernst Haas and Phillipe Schmitter hold that among less-developed nations "integration can be conceived as the gradual 'politization' of the actor's purpose. [Politization] constitutes one of the properties of integration--the intervening variable between economic and political union."[54]

As Caribbean nations approach the twenty-first century, a lack of exports geared toward diversification of the industrial process, coupled with the continued assertion of attracting capital-intensive industrial expansion, has contributed to the persistence of underdevelopment. Additionally, retrenchment provisions, such as those imposed on Jamaica and Guyana by the International Monetary Fund and the World Bank in order for these nations to procure monetary assistance to offset depleted treasuries, have played havoc with developmental efforts. As has been mentioned, the fallacies of these nations' fiscal and macro-economic policies have been the major contributors to the failure of development.

Economic integration has been advocated as one of the proponents which, if pursued aggressively, would alleviate these problems. For many analysts, economic integration is perceived as being the fulcrum to achieve sustained

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[54]Ernst Haas and Phillipe Schmitter, "Economics and Differential Patterns of Political Integration: Projections About Unity in Latin America" in International Organization 28 (1964): 259-299.

development. Philosophically, it advocates free trade among member countries, a common policy with respect to trade with the rest of the world, and an institutional means to ensure all members a share in the gains of integration. The rationale for these arguments was the need to promote the industrialization of Caribbean countries and the desire to preserve the nations' decision-making authority in economic matters.

In order to solve the problem of size, the community proposed undertaking a tariff umbrella that would allow a large number of industries to attain efficient size and procure a widening of the domestic base of production. The logic of this efficiency lay in the fact that each country in the Caribbean exports a narrow range of goods which varies from island to island. If these were combined, such as that which the integration scheme advocates, the range of exports becomes much wider. With the protection of small economies against the fluctuations of the world markets, economic viability could be achieved. Another major incentive to economic integration was the desire to facilitate production which exploited complementaries in the resource base of member states. The benefits from the boom conditions of economic integration would help solve the previously discussed internal problems of these nations.

Economic integration would solve the problems of balance of trade deficits as well as declining foreign reserves

currency by simply removing the impediments of marketing firms who wish to purchase goods from a variety of suppliers. This would foster open competition, benefitting the social economies through the promulgation of an export-led economy that would inevitably be developed to facilitate this. In addition, an economic union fostering these policies would aid the nations in developing joint positions in their bargaining abilities. This would be helpful in trade negotiations and in eliciting aid from more developed countries, such as the E.C. through the Lome Convention. A common market will assist in solving those aforementioned problems by including a high tariff wall to protect domestic production. Protection would enhance the production base of these nations which would make plausible the efficacy of domestic economic policy. Achieving this would encourage large foreign firms to make investments because of the perception of diminished risks.

Economic integration among West Indian nations, though, is not an end in itself. Since the 1970s, uneven economic development and dependent linkages to the more advanced nations have created periods of political unrest and social difficulty. From the end of the 1960s, heads of governments in the region have recognized the fact that transformation of their polities would only be possible through some type of regional cooperation. The movement toward integration in the Caribbean began in 1968 with the formation of the Caribbean Free Trade Association (CARIFTA) which, in 1973 by means of

the Treaty of Chaguarmas, became the Caribbean Common Market (CARICOM). Theoretically, economic integration has much to attract developing nations, particularly small ones, hampered by the constraints of market size and limited resources.

In recent years, integration in the Caribbean has stagnated. The world economic crisis, high energy cost and hyper-inflation have drained the treasuries of these small islands. In addition, the food crisis that developed out of the global recession, coupled with dissension among nations within the integration scheme, has hampered the integration process.

The proponents of regionalism advocate the removal of trade barriers as a major goal and in recent years have called for more meaningful cooperation among these nations to foster a united front, especially when dealing on the international level. CARICOM is an integration scheme among four more developed countries (MDCs) and ten less developed countries (LDCs).

Cooperation among these nations is of vital importance as they must embark on a total revitalization of their industrialization process, including the full utilization of surplus labor that is readily available. This new industrial scheme must, therefore, not be capital-intensive. Additionally, as part of this process, the integration scheme must promote the active participation of local entrepreneurs who would not only ensure the constant redistribution of

profit into the society but would also provide social and economic stability--so essential for development.

The integration scheme should pursue an inward-looking agenda that must include the utilization of local raw materials and decrease the necessity for imports at the take-off stage of development. Producing goods for local consumption must, therefore, be a priority for the integration scheme. High tariffs to protect locally produced goods must be instituted. Ultimately, however, the integration scheme must move away from the policy of import substitution (which is the present choice of policy in the Caribbean) to one of export-led industrialization. As was demonstrated, an export-led economy, such as that adopted by the "Four Dragons," has fostered rapid development.

Export-oriented growth must, therefore, be the ultimate goal of the integration scheme. East Asian nations, such as Hong Kong and South Korea, have relied predominantly on this economic model to attain development. Reductions in unemployment, facilitated by policies of labor intensity, not only improved the socio-economic welfare of East Asian citizens but also improved income distribution, which is a central factor in stabilizing the transformation process in emerging nations.

In order for these policies to be implemented successfully, MDCs in the region must assume an active leadership role by directing and controlling the flow of

investments in their nations. Since the mid-1960s, governments in East Asian nations have encouraged foreign investment and technology by implementing policies conducive to foreign investors. By 1983, foreign-owned corporations in Singapore accounted for over 75 percent of manufactured exports.[55] A direct result of this policy was the remarkable growth of the economy in which the manufacturing share of the GDP doubled between 1960 and 1984 and "declining levels of unemployment, a low rate of inflation, and an overall balance of payments surplus."[56]

Caribbean nations, though, must work together to actively curtail the penetration of their societies by foreign corporations whose major aim has been the extraction of profit from the islands. Pursuant to an export-led policy, foreign capital dependence is vital in reinforcing the free trade orientation of this economy. This makes moot the evils associated with dependency development that are attributed to Third World underdevelopment. The nature of this policy calls for extensive intervention and economic control by the government, as advocated in Singapore and Taiwan. However, the fundamental objective of this intervention was the attraction and retention of foreign capital. A collective

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[55]See Iyanatul Islam and Colin Kirkpatrick, "Exported Development, Labor Market Conditions, and the Distribution of Income: The Case of Singapore" in Cambridge Journal of Economics 10 (1986): 115.

[56]Ibid., 114.

front would increase the power of these nations to bargain with the more developed countries. In past years, failure to curb investments by foreign corporations without equitable redistribution has accounted for this scheme's failure to create a regional economy.

Accordingly, for a "liberalized, unbiased trade regime,"[57] Bela Balassa advocated four general principles successfully adopted by East Asian states to facilitate development:

(1) manufacturing activities should be given preferential treatment;

(2) equal treatment should be given to exports and import substitutes in manufacturing;

(3) there must be incentive rates paid to attract foreign corporations; and

(4) the system of incentives should be equitable and stable.[58]

An outward-oriented development strategy, therefore, must be the policy of choice advocated by any integration scheme among Caribbean nations.

As a new global order emerges, the knowledge that global security is dependent on regional security will deepen

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[57]See Paul Streeten, "A Cool Look at 'Outward-Looking' Strategies for Development" in World Economy 5 (September, 1982): 159.

[58]Adapted from Bela Balassa, The Newly Industrializing Countries in the World Economy (New York: Pergamon Press, 1981).

integration in the West Indies. These nations will become aware of the need for collective responses, especially in negotiations with major developed countries. Integration would solidify their responses to the more developed world.

Integration in the Caribbean would produce expanded and diversified exports and remove the monopoly of MDCs. This means that LDCs would share in a larger "piece of the pie" which would aid their development. Integration alone will not solve the problem of underdevelopment. Caribbean nations must collectively work toward limiting and controlling their dependence on metropolitan economies which in the past have promoted underdevelopment in the region.

Controlling dependence, though, is difficult for underdeveloped nations. Hans Mouritzen, for example, argues "that small states must adapt to dependence by making tactical concessions to external pressures in order to produce certain important core values, such as maintaining their territorial integrity or their socio-economic identity."[59] Controlled dependency, according to its chief proponent, H. Michael Erisman, refers to:

> an intermediate state system between dependency and balanced (dynamic asymmetrical) interdependence wherein a Third World country has the capacity to prevent exogenous penetration of its decision making process and to reduce its vulnerability to metropolitan centers to the point where its developmental dynamics are not basically the reflection of a subordinate relationship with the

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[59]Quoted from H. Michael Erisman, Post-Dependency Politics in the CARICOM Caribbean (publication forthcoming), chapter 2.

> core, but rather are a reflection of a series of formally or informally negotiated relationships on both horizontal (i.e., South/South) or vertical (i.e., North/South) axes.[60]

Controlled dependency, therefore, implies that in order to become less dependent on core nations and, thus, to sustain development, West Indian nations must adhere to policies that reduce their vulnerability and penetration by agents of advanced nations. In addition to a collective front, the industrialization revitalization project of the integration scheme must produce commodities that are competitive in the international market.[61]

Controlled dependency requires that Caribbean nations pursue a policy of spreading their foreign relations across a relatively broad spectrum while pursuing a de-linkage[62] agenda. Michael Erisman claims that "isolation translates into greater susceptibility to exogenous control."[63] Controlled dependency increases the bargaining power of underdeveloped nations, especially when presented in a unified manner.

Collective negotiation and diversification are the major components of the controlled dependency paradigm and together

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[60]Ibid., 79.

[61]Ibid., 82.

[62]Samir Amin, Delinking (London: Zed Books Ltd., 1990).

[63]Ibid., 83.

with economic integration place underdeveloped nations on a path of development.

However, in order to sustain development, these nations must recognize that their development is a function of interdependent existence. Although they may advocate a collective policy to reduce their dependence on more advanced economies, internal policies must be developed that will foster collective self-reliance.

In August of 1976, the non-aligned nations, meeting in Columbo, Sri Lanka, stressed that "collective self-reliance is the framework of the New International Economic Order which is a necessary precondition for genuine international cooperation."[64] Collective self-reliance (CSR) entails the mobilization and utilization of a community's own resources. Among other things, the 1976 conference advocated:

(1) an intensification of economic cooperation between developing countries, and

(2) strengthening of their solidarity and the coordination of their activities in a common front for dealing with the more developed countries.[65]

West Indian nations have only now begun to view CSR as a possible means of achieving development. Lack of natural

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[64]Declarations and Resolutions by the Conference of Non-Aligned Countries in Columbia, Sri Lanka, are published in Review of International Affairs 634 (September 5, 1976): 18-61.

[65]Ibid.

resources, small size, and an often volatile political atmosphere have played havoc with the implementation of an agenda to achieve development. Utilizing variations of socialism in the Caribbean was one of the major causes for this system's failure. "Full-blown" socialism must be tempered with appropriate policies to be successful in achieving development in emerging nations.

The proposals advocated here would create for the Caribbean a new social and economic strategy. The main purpose of these suggestions is to seek for the Anglophone Caribbean policies which would enable the fulfillment of basic human needs and the democratization of these nations' social structures.

> Remember that the future is neither ours nor wholly not ours, so that we may neither wait on it as sure to come, nor abandon hope of it as certain not to be.
>
> Epicurus 300 BC

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