

THE CARIBBEAN

FREE TRADE AREA

This talk about unity is as old as the hills. At first the unity was to come at the political level. And so the Federation was born. Now that the Federation is dead, unity is to be achieved at the economic level.

But this is also nothing new. Before the Federation came into being, there was talk of a Caribbean Customs Union. In the late 1940's, Guyana expressed serious reservations about joining the Federation but was willing to consider the Customs Union. This idea however was rejected by the Caribbean territories.

Now it seems that union is to be approached at the lowest economic level. In a free trade area, there is free movement of goods within the area, but each territory maintains its own tariff with the outside. Under the Customs Union, goods move freely within the area and all the territories have a common tariff against outsiders.

Unity is essential. But very little will come out of this attempt, limited as it is to Guyana, Barbados and Antigua. Indeed, there is hardly any economic justification for a free trade area between these countries. There is very little exchange of goods between the three territories.

In 1965, Guyana exported to Barbados about \$2½ million and to Antigua \$693,000. Guyana's total export was \$167 million in that year. Total exports to Barbados were thus about 1.5 per cent and to Antigua much less.

Imports from Barbados to Guyana in the same year were \$367,000 and from Antigua, \$39,000 as against total imports into Guyana of \$179 million. Imports into Guyana from Barbados thus amounted to a fraction of 1 per cent of total imports.

If there is no real economic basis for a free trade area and there is no mass agitation for it, what then is the justification for such an agreement?

The reason is clearly political. The imperialists want to maintain their domination and stranglehold of the economy of the area. And the politicians want to maintain their grip on the masses.

Imperialism is today in crisis. Its biggest headache is a shrinking share of the world market. Much of the trade of the Western capitalist countries to the third world underdeveloped countries has been lost for two reasons —

FIRSTLY, competition from the socialist bloc; and **SECONDLY**, the establishment of local industries, government-owned and private.

The struggle for markets therefore takes on several forms —

- Isolation of the socialist bloc and the perpetuation of the myth that communism is a "disease" and a "conspiracy."
- Struggle between foreign and local capitalists. Note DeGaulle's conflict with the USA. The French capitalists (whose spokesman is DeGaulle) are opposed to US economic penetration and domination of France as is the case in Germany and Japan.
- Struggle of capitalist states for survival. France and Canada, though parts of the Western Alliance are forced to trade with the USSR, Cuba, China and the East Europe.

The problem of survival has become even more urgent for the poor countries. Here attempts are made to buy from cheapest sources and to industrialize.

In order to recapture these markets, the foreign capitalists, with the help of some local capitalists, have been forced to establish branch factories and assembly plants. They would prefer to set up one factory rather than several in the different territories. This accounts for the drive for free trade areas and common markets in Europe, South and Central America and the Caribbean.

With a Caribbean common market or free trade area, the foreign capitalists taking into consideration such factors as political climate, wage rates, tax laws and incentives, trade union development, anti-labour laws, etc, will have the power of decision as to location of factories. They will select the places which can help them earn the maximum amount of profits.

And having established themselves under the most ideal conditions in one place, they will be able with their financial and organizational strength ultimately to strangle their small-scale competitors. A stage would be reached where bankruptcy, liquidation and take-overs would be the fate of local patriotic concerns.

RUNAWAY CAPITALISTS

CARIFTA will also benefit some of the local capitalists. Note that the West Indies Chambers of Commerce is plugging for it. Some local capitalists have connections with foreign capital. Others would like also to operate under the most ideal conditions.

I have remarked before that Bookers Manufacturing Drug Company has based a great deal of its manufacturing in Trinidad and Jamaica. Some local shirt manufacturers also

want to go to Barbados and Antigua where wage rates and income taxes are lower and tax incentives are greater.

And what about local politicians? It is clear that the coalition government wants this agreement not for economic but for political reasons. The coalition government looks to West Indian migrants as potential voters. The leadership in the Caribbean, on the other hand, look on their huge surplus population as explosive problems. Since their migrants are not allowed entry in the USA, Canada and the UK, Guyana is seen as an "escape hatch", regardless of conditions of unemployment, land hunger, etc., prevailing here.

Indeed this whole arrangement is in keeping with the strategy outlined by Sir Arthur Lewis some years ago. He suggested that the way to solve the problem of poverty and surplus population in the Caribbean Islands was, firstly, to

mechanize and intensify agriculture in the islands; secondly, accommodate the surplus population in labour-intensive industries; thirdly, export the surplus population to British Honduras and Guyana. Guyana and British Honduras are destined to become the agricultural appendages of an imperialist-controlled Caribbean Industrial Centre.

STRAIGHT TALK

by

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Things do not always, however, turn out as they are planned. We have already witnessed the unfortunate experience of Vincentians who came to Guyana when our Prime Minister boldly declared in Barbados that Guyana's doors were wide open. Even the TUC, faced with a huge and growing unemployment problem, expressed its opposition.

Besides, there is intense land hunger in Guyana. This point is generally forgotten when one looks at things only in terms of size and territory. And even if West Indians were to be put on the land, the question which arises is — what crops will they produce and where are the markets to which the crops will be sold?

In the West Indies, with greater industrial development, a larger proletariat will develop. The class struggle will therefore intensify, Anti-strike legislation as in Trinidad will be no answer to stop this struggle of the workers for genuine independence, political and economic. And Guyana will not be content with a status merely as an agricultural appendage.

Imperialism will not be able to solve the growing contradictions facing these territories. Capitalism and imperialism are today in crisis.

To resolve this crisis, it resorts to intervention and war. But this is no way out. The over \$21 billion US expenditure for the cruel war in Vietnam is having repercussions even in the USA. Sargent Shriver, head of the Domestic War Against Poverty campaign, recently declared — "We were just about to put the bottle in the baby's mouth and we find that there is damned little milk to give".

US economy now finds itself on the doldrums. Arthur Burns, formerly Chief Economic Adviser of President Dwight Eisenhower, recently told a Bankers' Conference:

"With the scope of economic expansion narrowing, with labour costs rising, with profit margins shrinking, with construction costs high and running well above investors' estimates, with the stimulus of the investment tax credit suspended, with the stock market weak, with uncertainty about taxes widespread, and with the business and investing mood gradually becoming less exuberant, powerful additional forces are now operating to take the steam out of the economy".

I repeat, unity is essential. But this first step, conceived as it is, in political opportunism, will bear no fruit. The only favourable outcome will be a struggle for something entirely different — Caribbean unity not only of Guyana, Antigua and Barbados or former British territories but all present and former British, French, Dutch territories, Dominican Republic, Cuba and Haiti, etc. with people's governments in office, with centralised socialist overall planning and territorial specialisation.