Poverty -- Cause and Cure in Developing Countries

Dr Cheddi Jagan, General Secretary of the People's Progressive Party, was invited by the Sponsoring Committee to prepare a paper and take part in the International Seminar on "Imperialism, Independence and social Transformation in the Contemporary World" which was held in New Delhi, India in March 1972.

As his topic, Dr Jagan selected "Strategies of Planning for Social Transformation and Development in Newly-Independent States," an enlarged version of which is reproduced now.

This paper formed the basis of Dr Jagan's address to the Symposium on Unemployment organised by the Guyana Trades union Congress and the Critchlow Labour College in which he pointed out that unemployment must be seen as a product of the general problem of underdevelopment and that the solution of poverty and unemployment could be found only with the application of a correct strategy of economic planning.

Dr Jagan's paper was also the subject of a panel discussion arranged by the Guyana Economic Society at Bishop's High School in August 1972, with Dr Jagan, Pat Thompson (Chairman of Guyana Bauxite Company) Victor Gangadin (former Commissioner of Inland revenue) and C.E. Barker (Permanent Secretary to the Ministry of Economic Development) as Chairman.

September 1972.

Strategies Of Planning For Social Transformation And Development In New Independent States

by Cheddi Jagan

Puerto Rican Model

Nearly two decades ago, the Puerto Rican model of planning for economic development, popularly known as Operation Bootstrap, was introduced to the Commonwealth Caribbean territories as a panacea for the many ills of the peoples inhabiting this area.

The basic premises underlying this strategy were that foreign capital was indispensable for progress; that there was world shortage of capital; that to attract capital there must be created an investment climate with incentives to capital.

Incentives included "tax holidays"; duty free concessions on the importation of equipment and materials; subsidies in the form of reduced rentals, water and other rates in industrial estates; an industrial atmosphere which neither permitted the growth and strengthening of trade unions nor established minimum wage or other legislation benefiting the workers; anti-strike legislation like the Industrial Stabilization Act of Trinidad and Tobago and the proposed Trades Disputes Bill of Guyana; facility to take out profits and capital.

The sum total of these incentives must be so attractive that the would-be-investor must be able to recover his investment in 3 to 4 years. This was the advise tendered by the head of the Puerto Rico Planning Board in the early 1950s to the Jamaican planners.

According to a United States businessman, Mr John K. Gustafson, President of Homestake Mining, to be lured into Latin America "a company has to see an awful quick payout with about 3-year ceiling;" that is, a return of 33% on invested capital.

Referring to profits in South Vietnam, Herbert fuller, a US businessman said: "I am in for the money. We can get back our money in two years."

The investment, however, were so channelled as to maintain the economic structure in the period of colonialism; namely, a source of foods, raw materials, and minerals, and a market for manufactured good from the industrailised imperialist states.

For instance, in 1948, as shown in table 1, the greater portion (50%) of the foreign investment to the so-called third-world countries went into extractive industries; to developed countries a similar proportion went into manufacturing and distribution.

TABLE 1

	DEVELOPING	DEVELOPED
Extractive Industries	59%	23%
Manufacturing & Distribution	22%	59%
Public Utilities	16%	7%
Miscellaneous	3%	11%

Source: US Department of Commerce, the Balance of International Payments of the United States 1946-48 (Washington DC 1950) pp 1962-165.

In 1964, of $1,629 million US investments in Africa, $830 million went into oil and gas, mainly in Libya; $350 million into mining; $225 million into manufacturing of which $192 million was directed to South Africa; and $122 million in other branches, particularly for crude rubber in Liberia.

The investment rationale towards the newly independent territories was to perpetuate an economy in imbalance with dependence on one crop and/or one mineral and to integrate their economies in the role of primary producers. Towards the developed states, the objective was to strengthen South Africa as an imperialist base in Africa, and to capture the internal markets of countries such as France, Canada, Britain, Holland, Germany, Japan, etc., and also the external markets of those like Bartica and France which were linked to third-world countries by tariff arrangements such as the British preferential system and the French community.

Drain of Profits

Foreign investments greatly expanded in the colonial and neo-colonial eras. In the 40-year period, 1874-1914, the United Kingdom, France and Germany increased their foreign investment from £6,000 million to £33,000 million.

British foreign assets, put at less than £100 million in 1825 grew to £4,000 million by 1913. This resulted from partial re-investment of profits and interest due to Britain.

Cheap labour, cheap raw materials and low-priced land facilitated the extraction of super-profits.

The East India Company plundered India. Colonies in Africa and the Western Hemisphere were looted in the "triangular traffic" associated with slavery -- the triangle bounded by Britain, Africa and the colonies in the western hemisphere. At every point in the triangle, Britain made handsome profits.

In 1951, 817 British companies operating overseas, mainly in the Empire, made gross profits amounting to 47 per cent of their capital assets.

In Nigeria, the tin mining companies made £37 million profits between 1914 and 1939. In 1937 total profits were £1,249,000; total African wages were only £239,000.

In Northern Rhodesia, the four principal copper mining companies made £48 million in gross profits in 1954-55 with dividend shareout of 80% by Roan Antelope, 100% by Mufulira, 140% by Nohanga and 212% by Rhokana Corporation. The Report of the Northern Rhodesia Mining Department for 1953 disclosed that the total for African wages was one-tenth of total gross profits and one-fifth of dividends.

In Southern Rhodesia, the British South African Company, founded by Cecil Rhodes in 1889 made a profit of £13,548,928 for the year ending September, 1960.

In Iran, an investment of £12½ million by Anglo-Iranian Oil Company brought out in about 50 years £700 to £800 million plus cut-rate fuel for the British Admiralty. A British government investment of £5 million (out of £12½) was worth about £400 million on the Stock Exchange.

The Suez Canal Company was making $80 million a year for its British and French owners before President Nasser nationalized it in 1956.

In the Far East, where the imperialists supported Malaysia against President Sukarno of Indonesia, according to Tin, organ of the tin industry, two companies declared dividends of more than 400 per cent, six of over 300 per cent, the average for the top 50 companies being 185 per cent. And in Brunei, British Shell Petroleum Company extracted over $70 million (US) a year net profit.

Tribute from the colonial and dependent countries provided higher standards of living to the British people. In 1929, Sir (then Mr) Winston Churchill opening admitted this. He said:

"The income which we derive from commissions and services rendered to foreign countries is over sixty-five million pounds. In addition, we have a steady revenue from foreign investments of close onto three hundred million pounds per year. That is the explanation of the sources from which we are able to defray social services at a level incomparably higher than that of any European country or any country."

Subsequently, with British foreign investments increasing to £4,500 million. No wonder the Tories could boast, "you never had it so good."

The tribute continued even after independence. In India, foreign capital trebled from RS 2,588 million in 1948 to RS 7,500 in 1964. Prime Minister Jawaharlal Nehru disclosed in 1960 to US journalist, R. Sherard, of the Saturday Evening Post:

"The United Kingdom companies are making more profits now than they did under British rule. Even Sir Winston Churchill has expressed great satisfaction at this."

But the British were not exceptional. In the Congo, the Belgians extracted astronomical profits, about US$600 million a year. US columnist Drew Pearson reported (December 9, 1961) that Union Miniere's "dividends are fantastic -- 31 per cent, plus a 100 per cent stock dividend in 1958, and even higher in other years." When upheavals in the Congo began, the economic repercussions were felt all the way in the Belgian economy; the Belgian government threatened to cut down social services.

The USA, the largest exporter of capital, has extracted the largest tribute. US foreign investments (private and government) increased from US $18,700 million in 1946 to $122,300 million in 1967. Of the total direct long-term private investments amounting to $59,300 million in 1967, $11,900 million were invested in Latin America, $4,300 million in Asia and $2,300 million in Africa.

Table II shows in billions of dollars the world-wide inflow of US investments and outflow of profits between 1950 to 1965:

TABLE II

WESTERN LATIN ASIA AND

EUROPE CANADA AMERICA AFRICA

Inflow of direct private

Investments	8.1	6.8	3.8	5.2
Outflow of profits	5.5	5.9	11.3	14.3
Balance	+2.6	+0.9	-7.5	-9.1

Asia, Africa and Latin America provided a net surplus of $17,000 million. Such is the scale of the plunder of the peoples of the "third world."

In 1967, a mere US$176 million of US direct investments flowed into Africa, but gross profits were $418 million, of which $364 million was repatriated to the USA.

In Latin America, during the first post-war decade, 1946-1956, US companies received $3.17 for every dollar invested and the net drain was US$5,500 million. Between 1960 and 1967, investments of foreign capitalists were US1,500 million, but total earnings were $7,700 million; namely, more than $4 dollars for every dollar invested. After 1967, the annual outflow was over $1,000 million.

In Guyana, in the 1960s, foreign capital made about G$60 million a year. Before its nationalization, the Demerara Electric company, a Canadian subsidiary, with an original investment of G$500,000 made an annual profit, after taxation, of between G$500,000 to $750,000.

In Jamaica, foreign companies extract about G$80 million annually; in Trinidad and Tobago, about G$120 million. So lucrative are investments in Trinidad that the Texas Oil Company (TEXACO) in a sensational take over which was opposed by the British government, paid to the Trinidad Oil Company $302.4 million (BWI) - $19.36 for every $1.20 share.

Unequal International Trade

The newly independent countries also face a grave situation in international trade. Their share of world trade is declining because the developed countries produce synthetics and substitutes, maintain high tariff walls, discriminatory preference agreements and a two-price system of farm subsidies. The imperialist countries also manipulate prices. As a result, the prices of exports of the developing countries are falling while the prices of their imports are rising.

Poor countries have suffered a decline in world trade from over 30% in 1950 to 16.4% in 1970 (Asia 7.7%; Latin America 4.7%; Africa 4%).

The industrialized countries produce synthetics and substitutes -- artificial rubber for natural rubber; man-made fibres (dacron, nylon, terylene, etc) for natural cotton, silk and wool; beet sugar for cane sugar.

Document No. 773 of the UN Economic Commission for Latin America (ECLA) states that "exports tot he US showed a sharp drop in 1961 when the total exclusion of that country's market to Cuban exports became effective. The transfer to other Latin American countries of the purchases that the United States had been making in Cuba (especially sugar, molasses, tobacco and other products of less importance) was insufficient to compensate for the drop resulting from the ban on trade with Cuba, among other reasons because part of those purchases went to countries outside Latin America, and another share (mainly in the supplying of sugar) are allotted tot he US domestic producers."

Dr Raul Prebisch, former head of UNCTAD, at the 8th meeting of GATT Trade and Development Committee said:

"If the aim had been to create a state of affairs interfering with the exports of the developing countries, no more perfect situation could have been achieved than that which exists in regard to sugar: speedy high-cost development of production in the developed world to the detriment of the underdeveloped world."

The imperialist countries operate a price support scheme -- a two-price system -- for their farmers. Because they are highly industrialized and wealthy, they can afford to pay the farmers a high subsidized price, higher than the world price.

For instance, French, British and German farmers are paid for beet sugar four time the price for cane sugar. US farmers receive three times what the West African farmers get for peanuts. The Malagasy Republic, even though an association member of the European Economic Community (EEC) lost its guaranteed market for sugar in France -- its sugar exports to France fell from 33,000 tons in 1963 to 8,000 tons in 1968. Surinam faces the same situation for its sugar exports to Holland.

What the developed nations cannot consume at home, they dump abroad at cheap prices or as "aid." US packaged rice has cut into Guyana's markets in Jamaica.

Trinidad once complained about citrus competition in the UK market from dumped US citrus. Scandinavian countries were angry at the dumping of US dairy products abroad. In the mid-1950s, Egypt was forced to sell cotton to Czechoslovakia because of cotton dumped in the world market by the USA.

The rich countries have adopted also a policy of protectionism. High tariff walls prevent entry to semi-manufactured and manufactured goods from poor countries. The so-called Kennedy Round of tariff cuts helped the industrialized countries more than the poor countries.

The EEC countries also levied high purchases taxes on certain agricultural produce -- Germany, 180 per cent on coffee; Italy, 148 per cent on cocoa.

The USA has obstructed or delayed attempts at stabilizing prices of commodities, which make up the bulk, about 85 per cent, of the export of Asia, Africa and Latin America.

The obstruction to commodity agreements was noted as long ago as 1961, by the New York Foreign Trade Bulletin. It stated:

"Most of the countries are heavily dependent on the production and exchange of one or two commodities...(which) provide most of the foreign exchange needed for the purchase of imported industrial goods...It is well recognised that market instability inhibits economic growth ... Latin American countries have long and unsuccessfully tries to interest their customers -- that is, the industrial countries in cooperative efforts to minimize market fluctuations...International commodity agreements to meet the problems of instability have consistently been resisted by the United States."

According to UNCTAD, between 1958-65 mineral exports from the developed countries rose by 5%; for the poor countries, there was a price fall by 7%.

Take another glaring example. Egyptian cotton, though better in quality than US cotton, fell in price by 30% during the period 1955-65, while the fall in price of US cotton was only 12%.

Bauxite producing countries have been particularly hard hit. Philip Rono, US economist said:

"...from 1938 to 1959, the general US price level rose by 138 per cent. During these years, the price of bauxite produced in the United States doubled. Yet the price of bauxite imported from Surinam and British Guiana was almost the same in 1959 as it had been in 1938. That the companies were holding the price of imported bauxite at the dead level did not prevent them from raising the price of aluminium, which went up by 78 per cent between 1948 and 1959."

Cocoa beans prices fell from (US) 58 cents per lb. In 1954 to 37 cents in 1955, 20 cents in 1962, and 16.3 cents in 1964. Copper price fell from 42 cents in 1956 to 28 cents in 1963. At one time, copper price was £700 per ton; in 1972 it dropped to £400.

In 1954, it required 14 sacks of coffee in Africa to pay for an imported jeep: in 1967, it needed 39 sacks. A Latin America dictator complained that his country could in1967 buy only one jeep with the same amount of goods which 10 years ago bout 3 jeeps.

Table III shows the increased quantities of cocoa, coffee and rubber, Ghana, Brazil and Malaya respectively had to export to pay for one ton of steel imported.

TABLE III

Country Product 1959 1961 Per Cent Increase

Ghana lbs of Cocoa 202 571 283

Brazil lbs of Coffee 158 380 240

Malaya lbs of Rubber 132 441 334

From 1960 to 1966, prices of African products have continually declined as seen in Table IV.

TABLE IV

Price before Independence --1966 100

Ghana: Cocoa 69% 57%

Kenya: Tea 104% 99%

Nigeria: Ground Nuts 121% 98%

Morrocan Manganese 90% 74%

Ghana lost 80 million cedi for its cocoa crop for the 1971 season.

In 1967, Senegal's volume of exports increased by 30 per cent, but receipts were only 3 per cent higher. For the Cameroon, one ton of cocoa in 1960 bought 2,700 metres of cloth and 1,200 kilogrammes of cement; five years later in 1965, the same ton of cocoa bought only 800 metres of cloth and 450 kilogrammes of cement.

In 1960, the foreign trade deficit of the third-world countries arising out of a growing imbalance between their imports and exports was US$4,000 million; it is expected to reach $24,000 million in 1975 and $30,000 million by 1980.

Commenting on trade losses, Finance Minister, Jorge Mejia Palacio, of Columbia said in 1962 that his country had lost two to three time as much foreign income from falling coffee prices as it had received in Alliance for Progress credits; the main thing the Alliance could accomplish, he pointed out, would be a long-term coffee pact. "Until this comes about," Senor Majia asserted, "the help that is given us, however generous it may be, will not be blood to vitalize our economies, as was planned, but simply tranquilizers to avoid a total collapse."

Failure of Puerto Rican model

The Puerto Rican model of planning for development is now an admitted failure. It has failed even in Puerto Rico which has certain distinct advantages over the other "third-world" countries -- US runaway capitalists have the advantage of low wages in Puerto Rico; goods produced in Puerto Rico enter duty free into the Untied States; Puerto Ricans can migrate without restrictions into the USA; millions of dollars collected from duties on rum are returned to Puerto Rico.

Puerto Rico is still plagued with poverty and unemployment and all the ills of a colonial society. Despite the ballyhoo and the US attempt to make Puerto Rico into a show-piece, the national income per head of population is lower than that of the poorest US State.

According to the UWI economist, Dr Owen Jefferson:

"The Puerto Rican programme got underway in 1947. During the first 10 years, 446 new plants were established and 35,000 jobs were created. But despite this degree of success and the added factor of emigration of 500,000 persons to the United States, unemployment still amounted to 14 per cent of the labour force at the end of the period."

Other third-world territories which have followed the Puerto Rican model at US dictation are also in deep trouble.

Jamaica, like Guyana, boasts of a wonderful performance of the economy -- an increase in the gross domestic product between 1950 and 1965 at an annual rate of 7.2%. But for the three successive five-year periods, there was a progressive decline in per capital national income -- 7% for 1950-55; 3.7% for 1955-60; 3% for 1960-65.

Jamaica and the other British Commonwealth countries which have adopted the Puerto Rican model of economic development are plagued with growing tensions and problems, chief among which are unemployment, inequality of income and balance-of-payments deficits.

Between 1950-1960, it was expected that the unemployment problem in the British Caribbean Islands would be solved with the creation of 413,000 jobs. But this was not achieved. According to economist Lloyd Best, "the unemployment rate -- in even the most successful cases of industrialization -- has been approaching 15%."

In Jamaica at the last recorded count, unemployment was 19% in the urban areas, and 10% in the rural sector. And the problem is growing. Although the 140 factories built in 14 years up to 1966 under the various incentive laws provided about 9,000 jobs, more than 10,000 jobs were lost in the sugar industry alone through mechanization. At the same time, the labour force was growing by at least 20,000 annually.

Commenting on the grave unemployment situation in Trinidad, the **Trinidad Guardian** on August 9, 1967 wrote:

"One hundred jobs in Canada. The possibility of three hundred in Puerto Rico. A steady trickle of domestics to North America. A fairly large flow of skilled and professional peoples to Canada. These are the avenues being used or explored in a society where the rate of unemployment may not be the worst in the world, but is nonetheless unbearable."

In Guyana, while the cost of living soars, unemployment approaches 25 per cent of the labour force. About one-third of the youths is unemployed, and another third underemployed in a country where 60 per cent of the population is below age 20. And the G$300 million 7-year (1966-72) development plan collapsed at the end of 1969 -- it had been formulated by economist Sir Arthur Lewis who introduced the Puerto Rican model to the Commonwealth Caribbean, and implemented with the help of US economic adviser to the Prime Minister, W. Davenport, and West German Governor of the Central Bank of Guyana, Horst Bocklemann.

ECLA Model

The ECLA (United Nations Economic Commission for Latin American) model is based on four main props -- import substituting-industrialization, regional integration, land-reform and foreign capital.

The rationale behind this model is that international terms of trade have operated against the primary-producing, one crop and/or one-mineral economies of the Latin American countries; that import substitution would bring about industrialization; that industrialization would make for local decision-making and create a national bourgeoisie which would weaken the traditional oligarchies based on land ownership (latifundia) and import-export trading (comprador capitalism tied to imperialism); that industrialization would require foreign investment and foreign aid; and that import substitution coupled with land reform would stimulate the economy and cause income redistribution.

Industrialization greatly expanded. But it came more and more under foreign, mainly US domination. The proportion of US private investment for the industrial sector rose from 35 per cent in 1951 to 60 per cent in 1962.

Instead of becoming a liberating force for the Latin American countries, however, industrialization further subjugated their economies and has become integrated into the foreign economies.

Celso Furtado, the well-known Brazilian economist, warns of the dangers of this type of import-substituting industrialization since "the dependence on imputs provided by the metropolis tends to increase. Between 1957 and 1964, the sales of the North American affiliates went from $2.4 to $5 billion, while the imputs imported by these affiliates (not including equipment) grew from 4210 to $667 million. This tendency would seem to indicate that substitutive efficacy diminishes with the industrial expansion controlled by foreign companies."

Despite the rapid industrialization (mainly for domestic consumption), the Latin American countries continue to suffer from the general problems of dependency and underdevelopment – an economy in imbalance with dependence on one crop and/or one mineral; a deformed type of capitalism integrated with the North American multinational monopolies; an exporter of raw materials and an importer of factories, merchandise and capital; and an antiquated agrarian structure with latifundia and minifundia existing side by side.

About five per cent of the population owns nearly 75 per cent of the cultivable land.

Minerals make up the bulk of the exports of Venezuela, Bolivia, Mexico and Chile. Copper accounts for more than 70 per cent of Chile's, and oil for about 94 per cent of Venezuela's foreign exchange earnings. In Ecuador, Honduras, Nicaragua and Costa Rica, banana is the main crop. Brazil, Colombia, Haiti, El Slavador, Guatemala are the "coffee republics."

Without the products and markets of Latin America, the United States would be reduced to a second-rate nation -- about one-quarter of all US exports go to Latin America and about one-third of US imports come from the area.

As the special adviser to the late President Eisenhower, Nelson A. Rockefeller in a report in March 1955, noted:

"North American industries every day depend more and more on the raw materials of the Western Hemisphere. These sources are indispensable for the United States to maintain industrial production that amounts to more than half of the total goods manufactured in the free world."

In his latest report to President Nixon after his Latin American tour, Rockfeller emphasized the need to maintain, broaden and make more efficient this complementary character of Latin America economies, this division of labour between the countries of the Western hemisphere.

Dependency and "division of labour" result in grave social problems -- hunger, illiteracy, unemployment. The Latin American average per capita national income of about $410 is lower than that of the least developed US state, Mississippi.

Even ECLA was forced to admit that the area is today "losing its positions in world economy." The annual average economic growth rates during the 1960s were lower than those during the previous decade, and about half the target of 2.5% set by the Alliance for Progress in 1961.

In the 1960-66 period, foreign debt grew by 74 per cent but reserves increased by only 13.8 per cent.

Low wages and high unemployment; land concentration, land idleness and high rents; low taxes and other concessions (creation of an investment climate); price manipulation; buying dear and selling cheap; exclusion from foreign markets of industrial goods produced by North American subsidiaries operating in Latin America -- these and other factors have led to a vast outflow of wealth.

Even Dr Galo Plaza, Secretary General of the Organization of American States was forced to admit in an address to the National Conference on editors and publishers of United Press International (UPI) that Latin America was actually aiding the United States in terms of the basic flow of money between the two areas.

The glossy US magazine, LIFE, in an editorial on July 18, 1969. "Why the Latinos don't love us?" stated that the USA was taking more out of Latin America than she was putting in; every year since 1962, US investors made more profits than was invested; putting in; every year since 1962, US investors made more profits than was invested; in 1967, repatriated profits exceeded private investments by more than $1,000 million.

In the earlier period, 1950 to 1965, the net outflow from Latin America was US$$7,500 million.

Investment profits and service payments (interest and amortization) on a huge foreign debt, which has doubled in the past decade, consume more than 35% of the export earnings for the region as a whole. Since the mid-1960s debt service payments exceeded the amount of new loans; in 1966 alone, they amounted to $1,850 million; 16.1% of the $11,460 million in contracted debts.

Latin America's share of world trade has also shrunk from 11% in 1950 to 5.1% in 1968. Writing on US aid and trade policies and the failure of the Alliance for Progress, former President of Brazil, Juscelino Kubitschek, said in 1962:

"Let's be frank, the prices for Latin America's basic food and raw materials exports have depreciated so much that this area's income has declined more than $500,000,000 this year in terms of the price paid for the same commodities when I took office in 1956. That $500,000,000 is just about the amount that the Alliance for Progress has put into Latin America since the programme began. Latin America is therefore in the peculiar state of a man who is receiving blood transfusion in one arm and donating blood through the other."

Between 1957 and 1969, Brazil lost $2,600 million because of a fall in prices of raw materials exported to the USA. However, over the same period, she received US aid amounting to only US$1,700 million.

It is estimated that all Latin American countries would have obtained US$57,000 million more if there exports have been valued since 1928 at the same rate of increase in prices of their imports. This sum added to profits and interest represents about US$73,000 million extracted by the imperialist monopolists during the decade, 1960-70.

Commenting on this fantastic plunder, the Chilean United Workers Federation, in Latin America -- a World to Win, wrote:

"The amount of money could have served to raise investments in Latin America by more than 60% in the last ten years. This would have increased production considerably. Thousands of houses, schools and hospitals could have been constructed in everyone of our countries. However, these 73,000 million dollars were invested for increasing production in the United States and in European countries."

Foreign, mainly US, domination had clearly resulted in a tremendous blood-letting for the Latin American nations and peoples. These countries will have to forsake the new imperialist strategy of "partnership" and follow the example of Cuba and now Chile to break the political economic and cultural domination by foreign vested interests and the local "clientele" classes -- the comprador bourgeoisie (the import-export mercantile elites); the servitors of the foreign interests; the state bureaucracy -- which together reinforce and maintain the system of Latin American dependency and underdevelopment.

Alliance for Progress and Regional Integration

In the second half of the decade (1950-60), the imperialists, faced with growing discontent and revolutionary upheavals, embarked on new strategies.

Great Britain, under Prime Minister, Harold Macmillan, with his famous "wind of change" speech in South Africa in 1960, embarked on a course of granting political independence, but continuing political and economic domination through regional groupings of territories in federations under puppet, client rulers -- Central African Federation, Nigerian Federation, West Indies Federation, Malaysian Federation.

President John F. Kennedy's answer in 1961 to Castroism (the Cuban revolution taking a socialist course) was the Alliance for Progress. Aid was promised to the Latin American ruling class on condition that land, fiscal and monetary reforms were carried out. But these were intended not to transform, but merely to reform, the capitalist-imperialist economic structure.

Faced in the mid-sixties with a definite shift in the world balance of forces in favour of national liberation and socialism, and a more rapid rate of growth of the world socialist system through cooperation under the Council for Mutual Economic Assistance (CMEA), the capitalist states embarked on a strategy of regional integration.

George Ball, US Under-Secretary of State under President Kennedy, and later Chairman of the big investment banking firm, Lehman Bros., addressing the New York Chamber of Commerce, laid down the policy line of big business. He said:

"The multi-national US corporation is ahead of, and in conflict with, existing world political organizations presented by the nation-state. Major obstacles to the multi-national corporation are evident in Western Europe, Canada and a good part of the developing world."

President Lyndon Johnson was not so blunt. His administration demagogically propagated the concept of "ideological frontiers" instead of "geographical frontiers"; namely, that the concept of national sovereignty and independence with trade barriers and tariff walls was old-fashioned and obsolete, that all those who believed in the same ideology (the defence of freedom, the euphemism for state-monopoly capitalism) must come together to create "one ideological community."

But this coming together under the slogan of "interdependence" was the pretext for strengthening the position of world imperialism as a whole, for the domination and exploitation of third-world countries and even the "colonization" of the developed capitalist states of Europe.

The Caribbean Free Trade Area (CARIFTA) became the Caribbean counterpart of the European Common Market (ECM), the Latin America Free Trade Association and the Central-American Common Market.

In April 1967, at the Punta del Este Summit Conference, the presidents of the Latin American republics agreed, beginning with 1970, gradually to create a Latin American Common Market to begin functioning, in the main, within fifteen years. US interests was indicated in an under-statement which declared that "the President of the United States of America pledges full support for this promising Latin-American initiative."

There was, however, much more to it. The US big business magazines, Fortune, in an article in June 1967, entitled "A Latin American Common Market Makes common Sense for US Businessmen too" put it more bluntly:

"For US private enterprise, the common market spells enticing new opportunity. Apart from the traditional mining (Anaconda, Creole Petroleum) and farming (United Fruit, WR Grace) US investment until now has mostly gone into manufacturing for ‘import substitution’ -- producing for a national market under protective tariffs. But US businessmen are beginning to see in the Latin American common market: the chance to move to the broader more competitive, and potentially more profitable task of supplying a market big enough to be economic on its own terms."

Not everyone was happy with this new imperialist manoeuvre. Antonio Carrillo Flores, Mexico’s Foreign Minister, in July 1967 said that the Common Market, even though in appearance Latin-American, was unacceptable "if its sole purpose is to open the flood gates to big foreign concerns."

And the ways and methods of the foreign multi-national sharks were clearly revealed by Business Week which said:

"In industry after industry United States companies found that their overseas earnings were soaring, and that their return on investment abroad was frequently much higher than in the United States. As earning abroad begin to rise profit margins from domestic operations started to shrink. That is the combination that forced development of the multinational company. The goal in the multinational corporation is the greatest good for the whole unit even if the interest of a simple part of the unit must suffer. One large United States manufacturer, for example, concedes that it penalizes some of its overseas subsidiaries for the good of the total corporation by forcing them to pay more than necessary for the parts they import from parent and from other subsidiaries. Says one of the company's executives: ‘We do this in countries where we either anticipate or already face restrictions on profit repatriation. We want some way to get our money out.’"

But imperialism not only plunders from its commanding position in the economy. It also arrests development by devouring local handicrafts and industries.

During the colonial era, this was achieved through political power, legislative and administrative controls, and differential tariff. A thriving and more technically advanced textile industry in India was destroyed in favour of the Lancashire mills in England.

Handicrafts cannot compete against cheap mass-produced goods dumped from outside. Tariff walls erected to protect handicrafts and small-scale industries were surmounted by the policy of import-substitution and regional integration. Branches of fully integrated monopolies set up in the third-world countries are able to take over or destroy their small competitors by offering better credit facilities and even engaging in price-cutting and price wars. This happened in India when the government established a state-owned oil company.

In Trinidad and Tobago, local edible oil manufacturers complain bitterly against unfair competition from the subsidiary of the integrated British monopoly, Unilever -- the third largest British giant with 30 subsidiaries all over the world.

In Brazil, the US-owned Minnesota Mining and Manufacturing Company cut prices of scotch tape by 30 per cent, then 40 per cent. The sales of Adesite began to fall and the banks refused credit to the local company. The US-owned Union carbide then bought out the Brazilian factory, and in agreement with Minnesota Mining divide the Brazilian market equally, but with an increase in the price of adhesive tapes by 50 per cent!

Partnership

To cope with criticisms about US dominating influence, the strategists devised the idea of "partnership" -- Latin American capitalists participating in the formation of subsidiaries of foreign corporations. The Fortune article cited above put it this way:

"This may sound like a US take-over of the whole Latin American economy, and plenty of Latin American businessmen believe that's just what's afoot. But the fear is not necessarily valid. As things stand now, most foreign-owned enterprises in Latin America reinvest a lot of their profits, thus tending more and more to be part of the landscape. Yet if they are really going to take up residence and avoid the take-over charge, US subsidiaries will have to admit Latin American more readily to an ownership role. Telling them to buy stock in the parent company on Wall Street is so far not the answer, since getting the dollars, and getting them out, is balked by currency restrictions and tax law. A quick sentence in the Punta del Este declaration hints at a long-range solution; a common market stock market, which would let an Argentine buy stock in Venezuelan brewery, or a Colombian buy stock of Brazil's Willys-Overland."

President Nixon in a number of messages and speeches, including his message to congress on February 25, 1971, substituted for Kennedy's Alliance for Progress the formula of "equal partnership". "Thus the core of our new foreign policy," said the President, "is a partnership...Its necessary adjuncts are strength to secure out interests."

A year earlier, during his African tour, William P. Rogers, US Secretary of State had proposed partnership not only with capitalists, but also with governments. He said:

"We believe that private investment can and should play a growing role, above and beyond public assistance, in African development. Africans themselves desire to participate in such investment. In many countries, in the face of limited capital resources, it is the government rather than the private investors. Thus, 'joint ventures' frequently involve a combination of foreign private and African governmental capital. We are prepared to encourage American investors to cooperate in such endeavours under adequate investment protection."

These strategies are now implemented in Guyana and the Commonwealth Caribbean territories. Here too regional integration and import substitution will favour the foreign multinational corporations.

The Guyana puppet government of the People's National Congress (PNC) has banned nearly a quarter of its food imports which came mainly from European countries. They will be replaced largely by higher-priced and inferior-quality substitutes produced by branch-pants of the US corporations in Jamaica, Barbados, and Trinidad within the Caribbean Free Trade Area (CARIFTA), to which US exports of foods and agricultural goods have more than doubled (G$1,000 million) within the past three years.

In pursuit of its objective of maintaining the dependency status of these territories through penetration as distinct from domination, imperialism has resorted at the social level to incorporate nationals and even governments as share-holding partners. In Guyana, Bookers Stores, Demerara Tobacco Company and Diamond Liquors have thrown open their doors to local participation. The same has been done in Trinidad, Jamaica, Dominica and Grenada. In Malaysia, most of the foreign companies founded in 1966 were mixed; in India, between 1957 and 1965, foreign companies concluded 2,358 joint ventures with Indian partners.

The government in the region are also embarking on joint ownership with foreign companies. Eduardo Frei's formula of fifty-one per cent ownership in a US copper company, under the slogan 'Chileanization of copper" and with the approval of the US State Department, is now being implemented. State participation and even nationalization within the framework of imperialism is providing the opportunity for state capitalism and the creation of a bureaucratic capitalist elite of politicians, managers, technicians, professionals and intellectuals, who amass great wealth through high salaries, big allowances and corrupt deals, and despite slogans tot he contrary, ultimately defend foreign rather than national interest, and reinforce foreign domination.

Monetary Losses

Third-world countries have also suffered substantial losses as a result of the monetary instabilities of the capitalist world. Manuel Perez Guevara, the Secretary General for UNCTAD, pointed out to Pierre Paul Scheitzer of the International Monetary Fund that the developed countries lost US$1,000 million in the value fo their reserves owing to currency realignments in late 1971 and early 1972. With gold revaluation at about 8 per cent, the poor countries gained about $300 million as against $3,000 million for rich countries. This meant a net loss of about $700 million.

Loss And Debts

Super profits, monetary and trading losses have contributed to a trend towards a steady decrease in internal savings and accumulation. Resort is thus made to external borrowing under onerous conditions.

Between 1956 and 1966, the indebtedness of 91 developing countries increased four-fold from US$10,500 million to $41,500 million. At end of 1969, it stood for only 80 territories at $59,000 million.

Loan repayments constitute a heavy burden as they amount to an increasingly larger percentage of the budgets of the "third-world" countries. In 1966, they represented 40 per cent of all the loans made by the World Bank. They jumped from US$4,969 million in 1969 $7,280 million in 1971, and according to UN experts are likely to climb during the mid-1970s to over $10,000 million, or twice as much as in the mid-sixties.

Since the public debt was rising at an annual rate of 14 per cent as compared with only about 6 per cent for the gross national product (GNP), the 1960s was actually a decade of indebtedness instead of a decade of development.

Writing about the tremendous burden of debt repayments (capital and interest), actually a decade of indebtedness instead of a decade of development.

Writing about the tremendous burden of debt repayments (capital and interest), the London Financial Times wrote on January 7, 1966:

"Between now and the early 1970s the underdeveloped countries are due to repay from quarter to a half of their foreign debt. And as this is estimated to be in the region of £9,800 million, it is not difficult to imagine what this is going to mean for countries whose combined annual export earnings do not usually amount to much more than £13,000 million."

India's interest payments jumped from Rs. 1.6 crores in 1951-52 to Rs. 36 crores in 1961-62. At the end of 1967, the Indian Government asked the "Aid India Consortium" for additional time to pay debts of about US$400 million falling due.

By 1956, Latin American countries were paying out US$450 million, almost the exact amount they received as aid. Interest on loans jumped to about US$570 million in 1967.

Guyana's debt charges jumped from G$5 million in 1960 to G$21.5 million in 1972. These charges would have been higher, but for the facility of deferred repayment (5-year and 10-year moratorium) on some of the loans. And while they will increase sharply foreign aid- loans and grants -- is likely to fall.

Debt repayments (capital and interest) have become burdensome because of the "conditional aid" policy of the developed capitalist states. Economic aid is granted firstly mainly for infrastructure; and secondly, principally to those states which have joined the imperialist cold-war alliances -- NATO, CENTO, SEATO, OAS -- and/or have so designed their economic programme as to create a favourable climate for foreign capital.

The policy decisions of leading spokesmen of the US ruling class clearly enunciated this from time to time.

John Abbink, one-time Chairman of a US State Department Technical Mission to Brazil, according to the Journal of Commerce of March 23, 1950, said:

"The US must be prepared to 'guide' the inevitable large scale industrialization of underdeveloped countries if it is to cushion the shock of intensive economic development abroad on the American economy...This industrialization drive if not controlled by some means (such as the Point 4 Program) would mean a substantial reduction in the size of the American export market."

On March 30, 1950, Secretary of State, Dean Acheson, testifying before the Senate Foreign Relations Committee on the Point 4 Program of the aid said:

"I think there is a pretty widely-held idea that we are going to build large mills, mines and factories for these underdeveloped peoples. This is not true."

"It is the policy of my government," said Mr Albert J. Powers, a commerce Department Trade Consultant as head of delegation to the 1955 International Industrial Exposition in Bogota, "not to intervene in financing of activities which should properly be promoted by private enterprise. It is up to you people to create business and industrial opportunities which will attract investment capital from the United States. Remember, too, that you must offer the possibility of greater profits than can be obtained at home. This is a time of exceptional inducements in my country for domestic financial ventures."

This policy has not changed. In 1963, the Clay Committee Report on Foreign Aid declared:

"We believe the US should not aid a foreign government in projects establishing government-owned industrial and commercial enterprises which compete with existing private endeavours."

In December 1967, William S. Gaud, Administrator of the Agency for International Development (AID) urged Americans to accept aid as "an integral part of our foreign policy and essential to our interests."

US Undersecretary of State, and head of the US delegation to the UNCTAD 1972 meeting in Chile, John N. Irwin, emphasized to the delegates the importance of private foreign investments.

In accordance with the above, the export of capital from the developed capitalist states underwent a "gigantic development", increasing by US$62,129 million between 1963 and 1968. Net export of capital to newly free countries from state and private sources of developed capitalist countries on a bilateral basis through international organizations increased from US$8,016 million in 1963 to $12,900 million in 1968.

There was also a structural change to the detriment of the "third-world". The share of private resources in the total of capital exports increased from 29.5 per cent in 1963 to 46.3 per cent in 1968 as compared with a drop in state resources (loans and grants) from 70.5 per cent to 53.7 per cent within the same period.

And even governmental loans and grants are channeled to assist private enterprise and maintain imperialist relationships. This was confirmed by President Nixon in his message to Congress on February 2, 1970, in which he said that "the 556 million dollars earmarked for Latin America will be used mainly for assisting private enterprises, encouraging commerce and tourism and strengthening the Inter-American system."

Because third-world countries are forced to allocate Western aid not for industry and agriculture but mainly for infrastructure (an indirect help to foreign capital) as in Guyana where about 75 per cent of the G$300 million 7-year plan was earmarked for roads, sea defence, airport and airstrips, stellings, public buildings, etc., they are unable to generate income in the productive sectors rapidly enough to meet debt payments when they fall due. In Guyana, the national debt has increased from G$127.8 million in 1964 to G$509.3 million in 1972, and debt repayments have jumped from 12 per cent in 1960 to 20 per cent of the recurrent budget in 1972.

Economics And Politics

As a result of the deteriorating position of "third-world" countries, a close connection exists between economics and politics. Economic decline is leading to fascism and neo-fascism in the political sphere.

Debt repayments and salaries and allowances for government personnel are first charges on the budget. At first, these are met by indirect taxation. But as opposition to rising cost of living develops, the inevitable next step is cuts in social services -- health, education, housing, pensions, etc.

The PNC government, after abolishing or reducing in 1965 taxes put in 1962 by the PPP government on big business, imposed taxes year after year (1966-69) on consumer goods, including a defense levy of 3 per cent on all imports.

Indirect taxation and devaluation of the Guyana dollar in 1967 and 1972 aided the foreign monopolists and penalized the working people. Inflation and rising prices adversely affected living standards and led to discontent.

Faced with strong opposition, the government resorted to manoeuvre. From 1970 to 1972, it proclaimed tax-free budgets. But in reality, the burdens took on different forms.

Electricity, telephone and postage rates were increased. So were local authority rates and taxes. And social services were cut in the step by step implementation of the reactionary proposals in the government's White Paper of 1966 which earmarked a reduction of various subsidies amounting to about G$14 million per year.

Thus, the share for social services and for the negligible contributions towards the capital-development budget has declined from 47 per cent in 1960 to 34 per cent in 1971 as seen in Table VI.

TABLE VI

Declining share for social services in Recurrent Budget.

1960 1972

Personnel emoluments 41% 46%

Debt payments 12% 20%

Social services, etc. 47% 34%

Current budget expenditure on health in Guyana dropped from 12.7 per cent in 1959 to 9.4 per cent in 1971 and 8.4 per cent in 1972. For current and capital expenditure on education, the percentage allocation dropped from 16.2 per cent under the government of the People's Progressive Party (PPP) in 1964 to 12 per cent under the puppet regime of the People's National Congress (PNC) in 1971.

Various other benefits were withdrawn -- subsidy on edible oil, duty-free gasoline to rice farmers and loggers, crop bonuses to farmers, etc. The railway on the East Coast Demerara, which provided subsidized travel particularly to school children, was closed. And the whole guaranteed minimum price-support scheme for farmers is likely to be abandoned.

The economic condition of the people will definitely worsen. The reduced proportion of the budget for social services will be further slashed since with time more money will have to be found for an expanding bureaucracy and for additional debt payments.

The cabinet shakeup of August 1972, resulted in 19 ministries, including that of the Prime Minister, nearly twice as much (10) under the PPP government.

With the growing incidence of crime, personnel emoluments will inevitably increase for additional policemen (a bigger police force) more magistrates, judges (a bigger judiciary) and prison officers (a bigger jail).

Debt repayments will increase more steeply as 5-years and 10-years moratorium on some loans come to an end.

These extra costs will be met by further taxation and/or cuts in social services. Inevitably, there will be greater dissatisfaction.

Disillusionment and discontent is met at the political level by electoral fraud, intimidation and force.

The PNC "won" a majority of votes, and thus a majority of seats, at the 1968 general election by extensive electoral fraud through padded voters lists, proxy voting, overseas voting and ballot box manipulation.

The rigging of the election was made the subject of a thorough expose by the Granada Television Company (UK) in its two "World in Action" films -- "The Trail of the Vanishing Voters" and "The Making of a Prime Minister". The transcript of the second film declared that "a hanged man voted in Guyana General Election. So did children." Granada’s Research Editor, Gus Macdonald, commented: "It is my firm conclusions that the election inside Guyana was neither free nor fair."

Mr Humphrey Taylor, Director of Opinion Research Centre, which conducted an independent survey, in the second Granada film said:

"Obviously, I don’t know what happened in Guyana, but so far as Britain is concerned, the compilation of the register was a totally dishonest and corrupt operation. And, as we have clearly established, the majority of the people listed, do not exist. This I would think is unprecedented for a Commonwealth country, so far as I know; and it’s you know, a pretty awful and disgraceful episode."

The people however will not docilely accept declining living standards and electoral fraud forever. They will eventually take to the streets as was done in Trinidad and Tobago in 1970. As a result, the puppets resort to neo-fascist methods -- intimidation and harassment, assassination, denial of civil rights, gagging of the free press and enlargement of the police and army. In the 1972 budget of Guyana, more money is allocated for the army than for agriculture!

This leads to more taxation and/or cuts in social services and the development of a vicious circle of poverty-taxation-discontent-cut in social services and/or taxation-discontent-electoral fraud-dictatorship-poverty-revolt.

Gimmicks

To counter discontent, resort is made not only to fraud and force, but also to demagogy, sloganeering, ideological and psychological warfare. On every front -- academic, cultural, religious, political, industrial -- the people are constantly bombarded with propaganda, with half-truths and lies.

The intention is to perpetuate the status quo by confusion, and to transfer the blame for failure and deteriorating social and economic conditions from the government and its pro-imperialist domestic and foreign policies to others.

The people are told that they are lazy, that they lack technical skill and are thus unproductive. Consequently, the Prime Minister of Guyana declared 1968 as "Efficiency Year" and exhorted "eat less, sleep less and work harder" -- quite a sharp contrast to previous electioneering slogans which promised "free-milk and cassava" and "no one going to bed hungry."

At US-controlled, and in some cases-financed, labour colleges and institutes such as Critchlow Labour College, trade union leaders are trained to divorce economics from politics, to fight only for wage and working conditions and not against colonialism, neo-colonialism and imperialism.

Other half-truths peddled refer to the so-called "population explosion" and to the small size of territories as factors inhibiting development. Robert Mc Namara, head of the World Bank, has now virtually tied loans to a programme of planned parenthood (birth control). The "small size of territory" provided the excuse for the establishment of the Caribbean Free Trade Area (CARIFTA) for the benefit of the US multi-national corporation. Now that CARIFTA has failed as a panacea, the new gimmick is a political union.

And in the face of growing contradictions between the leadership and the rank-and-file of the ruling party, resort is being made increasingly to racial (black) symbolism -- dress, change of name – the so-called "cultural revolution" -- and narrow nationalism.

Since the 1969, through "the Cooperative Republic," the official designation of Guyana, "the small man will become a real man." The Prime Minister on August 28, 1969, on a motion to declare Guyana a Republic said:

"The Party to which I belong is a socialist party. The Party which I have the honour to lead believes that the instrument which can, and ought to be in the context of Guyana, used for bringing in socialism is the cooperative."

All this is demagogy and utopianism combined. The US puppet regime hopes to perpetuate a hoax, using popular "leftist" words and phrases like "cooperative," "socialist," and "cultural revolution," to cover up rightist opportunism and a capitalist-imperialist economic structure.

Meanwhile, there is a steady stream of US evangelist crusaders, no doubt also financed by the CIA, like Billy Graham's Latin-America Crusade. The main enemy, these

Christian crusaders declare, is communism. Now and then for good measure, they attack some of the ills of capitalism -- not the system itself. All system are bad, they add; politics and politicians cannot help the people -- all the politicians have failed the people; only the return of Christ can save them. Religion in the hand of these "Sunday Christians" is made into a opiate to withdraw the people from the path of struggle for a better life.

But not only the crusaders promise "pies in the skies". So does the Guyana puppet Prime Minister. His latest slogan is "feed, house and clothe ourselves by 1976."

Failure of the ECLA model

The end result fo clientele, dependency status and bourgeois-reformist and state-capitalist rule under the imperialist socio-economic strategy of import substitution, regional integration and partnership will be the same for Guyana and the Commonwealth Caribbean as for Latin America -- progressive pauperization and a widening gap between the rich and the poor, between the exploiters and the exploited.

For Latin America under the ECLA model and the Alliance for Progress, there was a progressive decline. The post-war per capita GNP growth rate of over 2 per cent was not maintained. It declined to 1.7 per cent in 1955-60 and 1.4 per cent in 1961-65.

Industrial production in Argentina increased by 5.4 per cent during the period of 1932-50; in 1950-57, it increased by only 2.2 per cent. Agricultural production is less than it was about 30 years ago; wheat production declined from 9 million to 7.5 million tons.

Even Carlos Sanz Santamaria, President of the Alliance for Progress was forced to admit: "It is a fact that the balance of payments if unfavourable for Latin America. This balance is favourable for the United States to the amount of 2,000 million dollars."

Even in Washington, the previous mood of optimism has changed. In mid-1969, the picture was made clear by Dante D. Fascell, Chairman of the US House of Representatives Sub-Committee on Inter-American Affairs. He declared: "I would be less than frank if I would not admit that the initial record of the Alliance for Progress inspires more gloom than satisfaction."

Pointing out that the per capita gross national product increase was a little more than one-half of the expected Alliance goal of 2.5 per cent, he said:

"I have serious doubts that this increase has had any significant impact on the masses of the people. At this rate of progress Latin Americans who lives at the edge of subsistence -- whose annual income is estimated at about 200 dollars -- will have to wait half a century to double the level of their standard of living. Furthermore, Latin America may have actually lost ground in such fields as education, housing and food production when growth in its population is taken into account."

Despite the "great revolution" in countries such as Brazil, Argentina and Mexico, the position of the worker, especially the rural worker, is lower than in a number of other Latin American countries with no revolution.

Prof. Oscar Lewis in the study of Mexico showed that 60 per cent of the population was ill-fed, ill-housed and ill-clad; over 40 per cent was illiterate, and 45 per cent of the children not in school.

The illiteracy rate in Brazil was 51 per cent, Haiti 89 per cent and Argentina 13 per cent.

Devaluation and inflation increased not only decapitalisation, but also the cost of living. A rise in the cost of living of 40 per cent in 1971 and 11.4 per cent in January 1972, coupled with denial of democratic rights, triggered off a 48-hour general strike which paralyzed Argentina in March.

The gap between the rich and the poor has also widened. In Mexico, figures for 1964 show that 0.3 per cent of the Mexican families (33,000 out of 11 million) received 55 per cent of the national income, whereas 85 per cent of all families (9.3 million) got 23.4 per cent.

In Brazil, Celso Furtado estimated that 45 million persons have the same total income as 900,000 privileged ones at the top of the social ladder. The (London) Financial Times wrote that despite a high GDP growth rate in 1971, "it is likely that five per cent of the population now control about 45 per cent of the personal wealth today as against some 37 per cent in 1964.

In Argentina, wage earners received 51 per cent of the national income in 1949, but less than 40 per cent in 1970.

Coupled with low income is high unemployment. By the mid-1960s, about 30 per cent of the labour force in Latin America was unemployed as compared with only about 3-5 per cent in capitalist states. According to the Galo Plaza, Secretary General of the organization of American States, "the problem is becoming more acute owing to the rapid rise in the labour power available in the near future."

The position has deteriorated not only in Latin America, but generally throughout the "third-world". The objective of the United Nations "Development decade" (1960-70) to narrow the wide gap in living standards between the developed and developing countries has not materialized.

Actually, the gap has widened. The average annual income per head in 1970 in the "third-world" countries rose during the 1960s by about US$40, in the developed states by US$650. By 1980, the rise will be $100 and $1200 respectively.

This has been a definite historical trend as can be seen from Tables VII and VIII which show not only inequitable distribution of world income, but also the progressive deterioration of the share of the poor countries from 54 per cent of the world's income around 1800, to 42 per cent around 1900 and to about 18 per cent in 1962.

TABLE VII

World Income World Population Income Per Head

High Income countries 67% 18% $915 (US)

Middle Income countries 18% 15% $310 (US)

Low Income countries 15% 67% $54 (US)

(Source: A calculation based on National and Per Capita Incomes in 70 countries, 1949, Statistical Office of the United Nations, 1950)

TABLE VIII

World Population And Income

Population Income Per Total Income

(million) capita $ (US) (billion $US)

Circea 1,800

Developed countries 190 200 38

Per cent of total 21 46

Underdeveloped countries 730 60 44

Per cent of total 79 54

Total 920 82

Circa 1900

Developed countries 300 400 120

Per cent of total 20 58

Underdeveloped countries 1,230 70 86

Per cent of total 80 42

Total 1,530 206

Circa 1962

Developed countries 950 970 921

Per cent of total 31 82

Underdeveloped countries 2,100 95 200

Per cent of total 69 18

3,050 1,121

(Source: The World Food Budget, 1962 and 1966 Foreign Agriculture Report, US Department of Agriculture, Table 1. P. 91 and Anthony Barnett, the Human Species, rev. ed., 1961, Penguin Books, Table p. 309).

Today, 34 per cent of the world's population in the rich countries earns 87.5 per cent of the world's gross national product. On the other hand, the poor countries with 66 per cent of the world's population earn only 12.5 per cent of world income.

The problem is further compounded by a widening gap between the rich and poor in many "third-world" countries and an uneven distribution of income within the "third-world" itself. Between 1960 and 1970, of the 40 developing countries, the richest 20 per cent earned 56 per cent of the national income as compared with poorest 60 per cent with only 26 per cent of income.

These factors, coupled with a declining share of world trade, growing debt service payments, declining financial flows from the developed countries, a technological gap between the developed and the developing worlds have resulted in a vicious circle of poverty.

Because of poverty, more than 60 per cent of all children under age 5, who make up one-fifth of the population of the "third-world" will die. Two-thirds of those who escape death will be malnourished. And there would be 100 million more illiterates than 20 years ago.

Unemployment is also on the increase. It will be aggravated because of the rising number of unemployed in the developed countries which was about 8 million in November 1971 for the "Club of Ten" capitalist states; and further because the proportion of able-bodied inhabitants in the "third-world" is growing rapidly by 2.31 per cent per year, which is likely to increase to 2.6 per cent between 1970 and 1976. According to ILO, about 300 million new jobs will be needed between 1970 and 1980.

A solution to the problem of poverty and underdevelopment is urgent. President Salvador Allende, in his opening, hard-hitting speech in April 1972, to the Third United Nations Conference on Trade and Development (UNCTAD) warned: "If the present state of affairs continues, 15 per cent of the population of the "third-world" is doomed to die of starvation."

ANTI-IMPERIALIST, PRO-DEMOCRATIC AND PRO-SOCIALIST MODEL

There will be no improvement in the "third-world" countries unless a fundamental break is made with imperialism. In the 1970s, the imperialists are resorting in a more flexible manner to new manoeuvres. But these are not intended to make a fundamental change in the dependency status of the newly-independent countries. What is needed is a new economic planning strategy which is based on an anti-imperialist, pro-democratic and pro-socialist programme embracing:

Nationalization of the commanding heights of the economy -- foreign and comprador capitalist-owned and-controlled mines, plantations, factories, banks, insurance and foreign trade;

Planned proportional development of the economy with simultaneous concentration on industry and agriculture rather than on infra-structure; expansion of the public and cooperative sectors; transformation of the economy from primary to integrated production;

Foreign policy based on genuine non-alignment and meaningful relations -- cultural, aid, trade and scientific -- with the socialist world;

An almost total centralized planning and control; emphasis on education to raise the cultural, ideological, scientific and technological levels of the people; full democracy, worker's participation and control, and involvement of the working people at all levels;

Radical land reform and a sound all-embracing agricultural policy;

Rent, price and foreign-exchange controls;

Establishment of a truly national health service and a national house-building programme;

Some planners recommend concentration at the lower levels of the economy in agriculture, community development, and cooperative while the commanding heights including plantation crops are left intact in the hands of the foreign monopolists and the local compradors capitalists. This is intended to perpetuate neo-colonialism, put a brake on the development of the local productive forces, maintain the dependent external trade relationships, hinder the development of competitive industries and restrict even a mild land reform.

There must be nationalization and simultaneous development of industry and agriculture. Concentration on agriculture alone will only perpetuate the mono-culture, which in the days of colonialism reduced the developing countries to agrarian appendages of the imperialist states.

"Third-world" countries need an extensive programme of industrialization. But this must not be limited to small "islands" of extractive industries producing minerals for export, or small labour-intensive factories and/or agro-factories producing mainly for domestic consumption.

Basic industries must also be developed. And there must be a combination of capital-intensive and labour-intensive industries.

In the processing industries, Asian, African and Latin American countries produce only about 6.5 per cent of world production although they provide the raw material wealth (iron ore 40%; bauxite 70%; copper 50%; oil 70%) for about one-third of the consumer goods (industrial) produced in the capitalist states. Their production can, and should be, greatly expanded.

By being mere producers of raw materials, the developing countries are robbed of much-needed capital for financing their own development and for solving the growing unemployment problem. For instance, the Caribbean (Guyana, Suriname, Jamaica, Haiti, Dominican Republic) provides 86 per cent of the bauxite requirements of the North American aluminum industry, but gets only 4 per cent of the net income of the integrated industry.

"Third-world" countries must move from primary into integrated production. They must not only extract mineral ores for export; they must also set up smelters and fabricating industries.

Apart from nationalization, capital needs can be met by a clampdown on conspicuous consumption, a cutdown on the bureaucratic machine, stern measures against corruption, a rescheduling of onerous loan repayments, import substitution, raising of productivity, and other means.

State ownership must go hand in hand with workers' participation and control, and the closest cultural, political and economic links with the socialist world. In any confrontation with imperialism, only the socialist world can be relied upon to help to counter imperialist economic and military aggression by providing firstly the markets and the means to industrialize and transform; secondly, the military equipment and ammunition for defense as in Cuba and the United Arab Republic; and thirdly, the scientific-socialist (Marxist-Leninist) ideological development of civil servants, teachers, army and police officers and the people generally, which is so necessary for combating imperialist subversion and intervention.

Emphasis on industry and agriculture and not infrastructure -- roads, sea defense, airport and airstrips, stellings, public buildings, etc. – will help to generate wealth more rapidly to cope with growing debt payment and for self-sustaining growth.

Foreign-exchange control and nationalization of banks will husband scarce financial resources. Effective rent and price controls will protect consumers, and house and land occupiers.

An archaic agrarian structure hinders development. In Latin America and Asia particularly, there is tremendous concentration of land. For instance, about 5 per cent of the population in Latin America own about 75 per cent of the arable land. In India, two-thirds of the farmers own one-fourth of the land; twenty million families (about a hundred million people own no land.

In Guyana, one company in the Rupununi area has control of over 2,400 square miles of land.

A radical land reform coupled with the development of agricultural cooperatives will aid agriculture. This will not only provide cheap foods and the raw materials for industry, but also cause a redistribution of income, which in turn will provide the economic base in the country-side for manufactured goods.

A progressive policy for agriculture must include water control, adequate land holding, storage and processing facilities, research, incentives, guaranteed markets.

In the framework of this anti-imperialist programme with an expanding public and cooperative sectors, the cooperative sector will complement the public sector and not be submerged as under a dominant private sector. There will also be a small national, patriotic capitalist sector, either private or joint public-private.

And all patriotic nationals with skills -- administrative, professional and technical, business, etc. – will be embraced, without political and racial discrimination in the exciting process of nation building.

Full democracy and the largest measure of participation at all levels will not only lead to efficient execution of agreed projects, but also to the creation of "social capital" by the mobilization of the large numbers of unemployed and underemployed, particularly for infrastructure.

Marxist-Leninist and Christian Ideology

The anti-imperialist strategy outlined above has been implemented with modifications to suit national conditions and peculiarities by the socialist states, where communist parties guided by the theory and practice of Marxism-Leninism, play the leading, vanguard role. And success has been remarkable in the Soviet Union, China, Cuba and elsewhere.

The Soviet Union, which in 1918 was the seventh world power and the sixth in Europe, is today the second in the world and the first in Europe; in a few years, its industrial production will surpass that of the Untied States of America. Besides, it is building a new type of man.

Writing abut the great contest between capitalism and socialism, Gunnar Myrdal, the famous Swedish economist, in his **The Challenge of Affluence** wrote:

"It is enough to take as established that the present rate of economic growth is considerably higher in the Soviet Union than in the United States -- at least double or perhaps more...the magic of compound interest is such that if the United States should fail to overcome its relative stagnation very soon, the Soviet Union would within a not too distant future, approach, reach and eventually surpass the United States in important fields."

The former Tzarist colonies of Central Asia have become highly developed industrially and agriculturally. Uzbekistan in Soviet Asia, with a similar background to Iran and Afghanistan, has leaped ahead.

Kazakhstan produces as much electrical power as Australia, and has as many universities as Australia, South Africa, Nigeria and Egypt combined.

Socialist Mongolia, which leaped from feudalism into socialism, is second in Asia for income per head of population -- US$600 compared with $600 for Japan. Industrial output which was 18 per cent of the GNP in 1965 reached 24 per cent in 1968.

In the Far East, China has far outstripped her neighbours in social and economic transformation. But in the 1950s, the imperialist ideologists were placing their bets on Indian socialism with "democratic planning" against Chinese socialism with "totalitarian planning."

In the Western Hemisphere, socialist Cuba is a beacon of light. Despite a campaign of slander, even the capitalist Establishment has been forced to admit the truth of its social and economic gains. The **New York Times** on February 11, 1968 wrote:

"Cuba under the revolutionary dictatorship is pushing ahead its program harder and faster than most other Latin-American countries. In mass education, public health, rural modernization, land use, economic diversification, administrative reforms and management of foreign exchange, Cuba has made important gains under Fidel Castro."

Earlier, James Reston, the well-known journalist, writing in the **New York Times** on August 2, 1967 from Cuba, which has a racial history broadly similar to Haiti and the USA, pointed out that "whatever else Cuba is it is not a racist state. There is probably less anti-racial and anti-religious feeling here than in any other nation in the hemisphere."

And the Twentieth Century Fund in November, 1970, concluded that the Castro government has carried out more ambitious and nationally comprehensive programme in education and public health than in the other Latin American countries.

Others, like President Julius Nyerere of Tanzania, who are Christians and not Marxist-Leninists, have adopted the anti-imperialist, non-capitalist path because viewed at pragmatically it has worked; it has succeeded.

They have adopted it also because at a certain point, the objectives of communism and Christianity: coverage; they have the same ideals although moving from different philosophical positions.

Communists are influenced firstly by Marxism-Leninism as a science (the socio-economic system of capitalism, once progressive when it replaced feudalism, is now reactionary in this era of state-monopoly capitalism and of the scientific and technological revolution, and is thus a brake on the further progress of man); and secondly Marxism-Leninism as ethics (exploitation of man by man is evil; the capitalist-imperialist system is exploitative).

Christians are influenced by metaphysics and idealism, but with moral precepts and teachings like "thou shall not steal" and "the brotherhood of man."

But because mere preaching has failed through the years to resolve the social and economic problems of the peoples, particularly of the "third-world", the Church is in deep travail. Consequently, genuine Christians are increasingly entering into dialogues with communists, not in endless disputations about the origin of man and the world, but about what methods to adopt and what course of action to follow in solving common problems.

Not too long ago was seen such joint action when Catholics and Communists demonstrated together in England against growing unemployment.

No doubt, this is why over 600 Catholic priests petitioned the Pope during his visit to Bogota, Columbia, that the Church must more closely identify itself with the needs and aspirations of the peoples of Latin America, and if necessary joint hem in their struggles against the ruling trierarchy -- the latifundistas, the military and the Upper Clergy; why, despite the Pope's threat in 1948 of excommunication, millions of Catholics today vote for the Communist Party, the second largest in Italy, on the basis that the Church administers for their spiritual needs, their souls, while the Communist Party takes care of their material needs, their "bellies"; why academics in Holland generally agree, as was disclosed in Amsterdam in February 1972, that the Marxist-Leninist strategy for economic development is the only solution to the problems of the newly independent countries.

Summary

The gap in living standards between the developed states and developing states has reached explosive proportions. Despite the attention given by the United Nations Development Decade (1950-60), the gap is widening instead of narrowing. The rich gets richer and the poor gets poorer.

From time to time, different proposals have been put out as a solution to the problems of poverty and under-development in the "third-world."

In the late 1940s, with the advent of the cold war, the Puerto Rican model of economic planning was introduced in the Caribbean with emphasis on the importance of foreign capital to development, the creation of an investment climate and incentives.

The People's Progressive Party was an early and consistent critic of this model. Now its deficiency is admitted widely, especially by academics of the University of the West Indies.

The ECLA model supplanted the Puerto Rican model with its main props being import-substituting industrialization, land reform and regional integration. The dependence on foreign capital, investments and loans, was common to both.

The Puerto Rican and ECLA models have failed because they are reformist and not revolutionary in approach. They do not aim at the roots of the problems of poverty and underdevelopment, at breaking the dependency status of the "third-world" countries with the capitalist world.

The reformist Alliance for Progress initiated by President John F. Kennedy as an alternative to Cuba's planned, proportional development of the economy along Marxist-Leninist lines, failed to reach its targets.

The "equal partnership" of the Nixon administration is intended to integrate the local landlords, and the comprador and bureaucratic capitalists with the foreign monopoly capitalists, and thus to provide a social base of support for continued imperialist economic, cultural, ideological and political domination.

Meanwhile, the ideologists and apologists of imperialism peddle their half-truths to brainwash and confuse, to chart illusory paths, and even to cast blame on the people.

The people are told that they are lazy and unproductive; that they lack technical skill; that they are producing to many children (population explosion), that their country is too small and lacks capital, that politicians cannot help them, that all socio-economic systems have good and bad, etc. Thus, the call for increased productivity, greater incentives to foreign investors, family planning and birth control, regional integration at the economic and political levels, and even trust in God.

Ad hoc measures, though having some merit, cannot by themselves succeed. They have to be part of an integrated, balanced anti-imperialist programme in accordance with the principles of Marxist-Leninist economic planning strategy.

Such a strategy has produced positive results in the socialist states. As such, it is being adopted by non-Marxists -- Christians like Dr Julius Nyerere, President of Tanzania, and military leaders in Peru and elsewhere.

It offers a future of hope for the dispossessed of the world.

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