

The turmoil in the Caribbean today is reminiscent, and indeed, a replication of the 1930's and 1940's. Then, the underlying factors were, firstly the depression and secondly, the preparation for and eventual outbreak of World War II.

Today, for Depression read "The Crisis of World Capitalism" and the internal social and economic structures which, particularly in Asia, Africa and Latin America and the Caribbean, are under terrific stress and strain because they are outmoded by the scientific, technological and ideological revolutions that have taken place.

At first, the political struggle was waged against colonialism; now, it is against neo-colonialism and the vestiges of colonialism. *Despite the fact that many countries in the Caribbean have become independent, the region maintains a structure of underdeveloped dependent capitalism with a deformed type of industrialisation.*

This foundation breeds poverty and insecurity. In contrast, the Cuban revolution of 1959 inspired the Latin American and Caribbean peoples and filled them with hope. Every attempt was made to destroy this first revolutionary base and every obstacle was placed to frustrate the attainment of its socialist objective. But despite the difficulties, revolutionary Cuba is a shining example for the oppressed and suppressed peoples of the region.

With the slogan "no more Cubas in the Western Hemisphere", US military forces massively intervened in the Dominican Republic in 1965, and the US Central Intelligence Agency (CIA) subverted the PPP government in British Guiana in 1964, the Goulart government in Brazil in 1965 and the Allende government in Chile in 1973. However, imperialism could not prevent the overthrow of fascist Somoza dictatorship in Nicaragua and the Gairy dictatorship in Grenada. Revolutionary Grenada, with close links to Cuba, is today an inspiration especially to the peoples of the English-speaking Commonwealth Caribbean countries.

With these positive developments in the United States "backyard" and a general decisive shift during the past five years in the world balance of forces against imperialism, there has been growing concern in ruling capitalist circles. Philip C. Habib, special adviser to US Secretary of State Cyrus R. Vance, at the Conference on the Caribbean held in Miami, Florida on November 1979, criticised what he called Cuban "adventurism" and said: *"The model that Cuba offers to others is, in my judgement, unattractive"*.

Brandon Grove Jr., Deputy Asst. Secretary of State for Inter-American Affairs, in response to the call for change by Caribbean leaders, urged: *There is a way to have social change without adopting a Marxist model"*.

President Jimmy Carter in a videotaped message to the Conference also sought to point the way forward: *"The answers for the future are in the Caribbean's own talents and traditions, not in the false promises of foreign models"*.¹

Prior to that, the Carter administration had wielded the "big stick" and resorted to "gunboat diplomacy". About 2000 marines equipped with combat aircraft and submarines stormed into the US base at Guantanamo Bay in Cuba; military manoeuvres were carried out in the Caribbean Sea; arms were promised to Barbados and for a Caribbean security force; a Caribbean Joint Task Force was established at Key West, Florida, to improve US "capability to monitor and respond rapidly to any attempted military encroachment in the region"; there was increased surveillance of Cuba; increased economic assistance was promised to thwart "social turmoil".

There was also an escalation around the world. According to *Time* magazine (29/10/79):

"At Grafenwohr, West Germany, a US tank battalion roared into combat exercises after having been flown in from Fort Hood, Texas, on a "no notice" emergency drill. At Florida Eglin Air Force Base, 20,000 soldiers, sailors and airmen prepared to launch "bold Eagle 80", a 9-day manoeuvre to practice coming to the aid of an invaded ally. In the Indian Ocean, a US Navy 7-ship carrier task force joined up with a 5-ship Middle East force to show the flag".

Earlier, forecasting "storms of conflict" in the 1980's and "political instability", President Carter increased military spending and established a "Rapid Deployment Corps" -- a 110,000 contingency "quick reaction" force for the purpose of "protecting American interests and ensuring an uninterrupted flow of Arab oil".

The Carter Doctrine of 1979 is reminiscent of the Truman (President Harry-Truman) Doctrine of 1947, which adversely affected world development, more particularly the economic development and industrialisation of the countries of Asia, Africa, Latin America and the Caribbean. It had stated that governments --which conducted planned economies and controlled foreign trade were dangers to freedom; that freedom of speech and worship were dependent on the free enterprise system and that controlled economies were "not the American way" and "not the way of peace".

President Truman had urged that "the whole world should adopt the American system" and that "the American system could survive in America only if it became a world system." Calling for action, he implored: "Unless we act and act decisively, it [government-controlled economies and government-controlled foreign trade] will be the pattern of the next century... if this trend is not reversed, the government of the United States will be under pressure, sooner or later, to use these same devices to fight for markets and for raw materials".²

In this declaration of what has come to be known as the "cold war", President Truman followed the lead of the arch-imperialist, Sir Winston Churchill, who at Fulton, Missouri on 5 March, 1946, had referred to the "police governments" in Eastern Europe, warned of "Communist Fifth Columns" everywhere which were a "growing challenge and peril to civilisation", and called for joint action in bringing about the preponderance of military power for "a good understanding": namely, a showdown with the USSR, the leaders of which he had always previously regarded as "murderers and ministers of hell".

Lest the subjective nature of these statements make it appear that they were merely the personal expressions of opinion of two leaders of the western world, the following quotation is reproduced. It was taken from the book *Winston Churchill* (first published in 1978) by V.G. Trukhanovsky of Moscow University and Corresponding Member of the USSR Academy of Sciences:

"In the winter of 1945/46, Churchill spent several months in the United States. He met President Truman, the heads of the State Department and other officials. During these meetings the idea came up that Churchill should make a speech on world policy problems, and its general line was determined. The main propositions were drawn up in agreement with President Truman on 10 February. Churchill spent several weeks at a health resort in Florida, where he perfected and polished his speech. When everything was ready, he and Truman went to Fulton, Missouri, where, at Westminster College on 5 March, he delivered the address that was to be the cause of so much uproar.

As is known, Attlee, Bevin, and also President Truman and US Secretary of State Byrnes, knew that the speech was to be made and had given their agreement. Truman even travelled a long distance to introduce Churchill to the audience. All these facts prove that Churchill did not only express his personal views, but promulgated the anti-Soviet programme of the power elite both in Britain and in the United States of America".

Under the cold war "containment of communism", national and social liberation was to be combatted and stopped, and the so-called "captive states" in Eastern Europe were to be liberated.

The instruments created were the Central Intelligence Agency (CIA) in 1948 for overt and covert action; treaties -- the Rio Pact, the North Atlantic Treaty Organisation (NATO), the Baghdad Pact, later Central Treaty Organisation (CENTO) and the South-East Asia Treaty Organisation (SEATO) -- and a worldwide "iron ring" of military bases encircling the Soviet Union.

In keeping with the policies enunciated by its spokesmen, imperialism operating on various fronts -- military, economic, ideological, cultural, industrial, etc. -- resorted to

subversion and "destabilisation". From aid to the tottering fascist regimes in Greece and Turkey in 1947, it was a short step to aid for Chiang Kai-Chek in China, the Dutch in Indonesia and the British in Malaya; intervention in Korea in 1950; the overthrow of many democratic and progressive governments and the destruction of several revolutionary movements in the Caribbean region and elsewhere.

ECONOMIC AGGRESSION

Apart from direct aggression (British Guiana in 1953, the Dominican Republic in 1965 and Vietnam in 1965-73) and indirect aggression (Guatemala in 1954 and Cuba in 1961), the arming, training and control of the military and the police, and the use of client states; economic aggression has also been another weapon in the arsenal of imperialism -- economic blockade, aid with strings, curtailment of credits, essential machinery and spare parts, and the imposition of economic planning strategies designed to perpetuate a status of dependency.

Under the Marshall Plan for the so-called recovery (in fact colonisation) of Europe, US aid was offered but with political strings -- the removal of left socialists and communists from the united front governments in France, Italy and Belgium, which had resulted from wartime cooperation in the underground resistance to Hitler's fascist occupation forces. In Britain also, with the shortage of US dollars and the need for US aid, the right-wing social-democrats in control of the British Trades Union Congress (TUC) and the Labour Party, succumbed to the cold-war blandishments of Winston Churchill and the Truman administration -- all this despite the fact that Labour had received an overwhelming mandate for socialism from the British people in the first postwar election in 1945.

Consequently, Churchill could have said on March 20, 1950, in the British House of Commons that "in all the main issues of foreign policy, the opposition [i.e., the Tories] in the late Parliament supported, sustained and even pointed the course which Bevin [Labour Foreign Secretary] has pursued". And earlier, on February 13, 1948, General George C. Marshall, United States Secretary of State, commenting on the British government's acceptance of United States proposals, had said: "On the recent proposals of Mr. Bevin, they have passed beyond agreement for economic cooperation to the constitution of a Western European Union. This development has been our greatest hope".

Developments in North America and Europe affected the Caribbean. The majority of the West Indian leaders were under the ideological influence of the British social- and democrats, i.e. Labour Party. This had repercussions at various levels. Later, I will set out the political and industrial consequences. In the economic sphere, in the early 1950's, 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 a 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 advice tendered by the head

of the Puerto Rico Planning Board in the early 1950's to the Jamaican planners.

The investments, however, were channelled in a way to maintain the colonial economic and social structures.

FOREIGN AID

At the same time, foreign aid was used as an instrument for perpetuating the status of the Caribbean as an underdeveloped imperialist dependency.

Aid is not given for a basic programme of socio-economic change, for a planned proportional development of the economy with emphasis on industry and agriculture; it is restricted mainly to infrastructure projects -- roads, sea defence, air-strips and airports, public buildings, stellinges, harbours, communications, etc. -- which constitute an indirect help to the foreign investors.

This was made clear by leading policy-makers. On March 30, 1950, Secretary of State Dean Acheson, testifying before the Senate Foreign Relations Committee on the Point 4 Programme put it this way:

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

The Clay Committee on foreign aid observed in 1963 that the US should not aid a foreign government in projects establishing government-owned industrial and commercial enterprises which compete with existing private enterprises.

The lending institutions like the World Bank also favoured foreign capital and channelled aid to foster the growth of capitalism. Eugene R. Black, a former President of the World Bank, wrote in the *Columbia Journal of World Business*: "Our foreign aid programmes constitute a distinct benefit to American business". These benefits include: "(1) Foreign aid provides a substantial and immediate market for US goods and services; (2) Foreign aid orientates national economies toward a free enterprise system in which US firms can prosper"

Consequently, of the US\$5.4 billion World Bank loans to Latin America and the Caribbean up to 1971, 78% was for infrastructure projects -- electricity, transport, telecommunications, roads and highways -- and only 19% for industry, agriculture, forestry and fishery.

As regards the real beneficiaries of aid, *Time* magazine, in a special essay in its March 26, 1979 issue, stated:

"An estimated two million American jobs depend on exports to developing countries, and twelve of those nations, according to a United National Association study, are the world's fastest growing markets for US produces.

There are even more tangible benefits for America. For every \$1 that the US contributes to international financial institutions that give aid the recipients spend \$2 to buy goods and services in the US. For every \$1 paid by the US into the World Bank alone, \$9.50 flows into the nation's economy in the form of procurement contracts, operations expenditures and interest payments to investors in the bank's bonds."

How aid is used to make an underdeveloped country subservient and dependent was highlighted by Nelson Rockefeller. After the overthrow of the Mossadegh government in 1953, he wrote in a report to President Eisenhower:

"We should not ignore the vital fact that virtually all our natural rubber, manganese, chromium and tin, as well as substantial proportions of our zinc, copper and oil and a third or more of the lead and aluminium we need comes from abroad, and, furthermore, that is chiefly drawn from the underdeveloped areas of Africa and Asia, which are in the orbit of one or other of the military alliances built by the US. This is also true of a major part of our super-strategic material (uranium ore particularly).

The most significant example in practice of what I mean, was the Iranian experiment with which, as you will remember, I was directly concerned. By the use of economic aid we are now well established in the economy of that country. The strengthening of our economic position in Iran has enabled us to acquire control over her entire foreign policy and in particular to make her join the Baghdad Pact. At the present time the Shah would not dare even to make any changes in his Cabinet without consulting our Ambassador".

Guyana is a classic example of "aid with political strings". According to Dr. Ralph Gonsalves in his *The Spectre of Imperialism: the Case of the Caribbean*:⁴

". . . in 1969 Guyana received over 50% of AID's commitments to the entire Caribbean and 93.4% of those to the English-speaking Caribbean. In fact 76% of all AID's Development Loan Funds in 1969 went to eight countries: Chile, Colombia, India, Indonesia, Korea, Pakistan, Turkey and Guyana. By 1971, Guyana's share of AID's commitments had fallen to 3.2% of the total for the Caribbean as a whole and 5.6% of the total for the Anglo-phone Caribbean. It is worth considering in this regard that Guyana's "move to the left" under Prime Minister Burnham began substantially in 1971 with the nationalisation of Alcan and the announced intention to rid the economy of foreign economic interests. In 1969, Burnham was a near-perfect neo-colonial leader, part of whose task was to ensure that the powerful Marxist-Leninist People's Progressive Party of Cheddi Jagan did not gain political power. Accordingly, AID's "assistance" was used in part to reward Burnham when he unequivocally served American interests but was substantially withdrawn to indicate American displeasure at his anti-imperialist postures".

After the nationalisation of the Demerara Bauxite Company, the wholly-owned subsidiary of the Aluminum Company of Canada (ALCAN), the World Bank refused a Guyana loan application for US\$5.4 million for drainage and irrigation. In similar circumstances, loans were refused Bolivia and Peru in the late 1960's and early 1970's.

Writing about Guyana, the *Christian Science Monitor* (November 3, 1971) wrote:

"Mr. Connally (the US Secretary of Treasury) apparently hopes that these abstentions will deter Guyana from its rumoured intention to nationalise some bauxite mines owned by Reynolds Metal Corporation. . . Key Congressmen are urging the administration not only to cast its own votes against countries which take over US investments, but to lobby actively within the international banks against such loans".

Earlier, in keeping with cold-war foreign economic policies, the Churchill-led British government had despatched in 1953 warships and forcefully removed the popularly-elected PPP government which was opposed to the foreign-owned sugar and bauxite monopolies. The CIA helped to overthrow the Arbenz government of Guatemala (1954) for its radical land reform programme against the powerful United Fruit Company, the Mossadegh government (1953) after its nationalisation of the Anglo-Iranian Oil Company, and the Allende government (1973) after its nationalisation of the US copper monopolies. In 1956, imperialist aid for the Aswan Dam was cut off after the Egyptian government had nationalised the Suez Canal Company, and armed aggression was launched by Britain, France and Israel to topple President Nasser, one of the militant leaders of the non-aligned movement. After a land reform and the nationalisation of the foreign-owned oil refineries, sugar plantations, banks, industries, etc. by Cuba in 1959-60, the CIA attempted the overthrow of the Castro government by the Bay of Pigs invasion in 1961, and later through the OAS imposed an economic and trade blockade. *These are only some of the cases where imperialism resolved to prevent change and to preserve the status quo.*

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 United 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 the poorest US State.

According to 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 amounts to 14% of the labour force at the end of the period".

In 1974, US industrial and trade investments in Puerto Rico ran to US\$6,112 million. Direct investments amounted to 5.5% of all foreign investments throughout the world, which then totalled US\$110,240 million, 20% of US investments in all other underdeveloped countries; and 46% of all investments in Latin America. Profits raked out of Puerto Rico by the multinationals and agencies were more than from the European Common Market and comprised half of all profits from Latin America.

Consequently by 1975, despite new taxes, the budget deficit of nearly US\$200 million was not closed. The economy showed a minus 3% growth rate in the previous fiscal year. With closure of firms such as Fibres International, a Philips Petroleum subsidiary which was a key link in the petro-chemical industry, nearly 10,000 jobs were estimated to be lost in fiscal 1978, while only about 2000 new jobs were created. The jobless rate in February 1975 rose to 17.1%, the highest since 1955.

In the study, "The Southern Connection", by the Ad Hoc Working Group on Latin America, The Transnational Institute, in February 1977, stated:

". . . As a result of the recent global inflation and recession, Puerto Rico's economic situation has deteriorated alarmingly. . . Despite.. (or because .. of) "Operation Bootstrap", Puerto Rico's unemployment is now higher than it was 20 years ago, and more than half its households receive subsidized food coupons.

To compensate for lack of employment in the private sector, the Puerto Rican government expanded its bureaucracy to employ 30% of the national work force. Because of corporate tax exemption and limited development of the national economy, the Puerto Rican Government has had to sell Puerto Rican Government bonds on the US market to pay for this huge expenditure. The Island's government has accumulated a \$4 billion debt and its bonds are increasingly difficult to sell -- factors that nurture economic and political instability".

Jamaica and the other Commonwealth Caribbean countries which adopted the Puerto Rican model of economic development were also plagued with growing tensions and problems, chief among which were 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 the economist Lloyd Best, "the unemployment rate -- in even the most successful cases of industrialisation -- has been approaching 15%".

In Jamaica, unemployment was 19% in the urban areas, and 10% in the rural sector. And the problem was growing. Although 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 through mechanisation. 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 soared in the late-1960's, unemployment approached 25% of the labour force. About one-third of the youths was unemployed, and another third under-employed in a country where 60% of the population was 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 had earlier 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 the West German Governor of the Central Bank of Guyana, Horst Bocklemann.

Commenting on the grave situation, Economic Adviser to the government, ^{Dr. Wilfred David,} disclosed just prior to his sudden departure in early 1971: "We have had growth without development. The problem has been exemplified by the high level of unemployment and foreign dependency".

By 1974, the crisis has deepened. The regime has warned of a calamity not felt since the Depression Years of the 1930's. And in an understatement of the year during the 1974 budget debate in the bogus National Assembly, Dr. Kenneth King, Minister of Economic Development, stated: "I do not wish to minimise the seriousness of the state of the economy".

ALLIANCE FOR PROGRESS AND THE ECLA MODEL

The end result of the Puerto Rican model was a relative decline in the position of the underdeveloped countries of Asia, Africa, Latin America and the Caribbean. Whereas the share of world income of these countries was about 58% around 1800 and 42% around 1900, it declined to about 18% by 1962. Viewing this as a potential threat to world peace, the United Nations launched in 1960 the first Development Decade. And with the 1959 Cuban Revolution and the declaration in May 1961 by Premier Fidel Castro that it would take a socialist course, President Kennedy launched his Alliance for Progress.

Kennedy's aim was to reform the capitalist-imperialist system so as to make life more tolerable and thus to prevent Latin America and the Caribbean from exploding. If there was no evolution, he argued, there was bound to come revolution.

And in place of the discredited Puerto Rican economic planning model, the United Nations Commission for Latin America (ECLA) proposed a new, the so-called ECLA model. To stimulate local production and to prevent the financial losses suffered by developing countries from non-equivalent international trade (buying dear and selling cheap), the policy of import-substitution and the establishment of import-substitution industries was proposed. Land reform was also seen as a necessary measure to stimulate production to meet the demand for agricultural goods imported from abroad, to provide the raw materials for the industrialisation programme, and at the same time to raise productivity and farmers' income to provide the means in the countryside for the locally-produced industrial goods. It was felt also that foreign capital would be required for the establishment of industries and for the payment of land taken over from the latifundistas.

But foreign capital introduced the same, if not greater, problems than under the Puerto Rican model. While there was a greater emphasis on manufacturing industry, a deformed type of industrialisation developed in the Caribbean and Latin America based on transnational corporations producing mainly for the domestic market with assembly-type, branch-plants or factories which had become technologically obsolete.

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

Instead of becoming a liberating force for the Latin American countries, however, such industrialisation further subjected 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 industrialisation since "the dependence" on inputs provided by the metropolis tends to increase. Between 1957 and 1964, the sales of the North American affiliates (not including equipment) grew from \$210 to \$667 million. This tendency would seem to indicate that substitutive efficacy diminishes with the industrial expansion controlled by foreign companies".

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 Africa Federation, Nigerian Federation, West Indies Federation, Malaysian Federation.

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 organisations represented 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 "colonialisation" of the developed capitalist states of Europe.

The Caribbean Free Trade Area (CARIFTA) in 1968 became the Caribbean counterpart of the European Common Market (ECM), the Latin American Free Trade Association and the Central-American Common Market.

Regional integration, demanded by foreign capital, was justified on the ground that the grouping of territories in Free Trade Areas or Common Markets would facilitate economies of scale and thus cheaper commodity production for the benefit of the consumers. However, it served the multinational corporations to increase the rate of exploitation. By sharp practices and unfair competition, they eliminated their competitors, and from their monopolistic positions extracted enormous profits.

In the case of the Commonwealth Caribbean, regional integration has helped the USA to undermine the position of Britain. In the first two years of CARIFTA, the United States more than doubled its exports of food into the area. The manufacturing plants, predominantly of the branch-plants, assembly-type, which have been set up mainly in Jamaica and Trinidad, use materials, parts and components imported principally from the United States. Included in the CARICOM Treaty Appendix are many pages listing apples, grapes, rye, barley, oats, wheat, paper, silk, iron, steel in all forms, copper, nickel, tungsten, zinc, tin, molybdenum, tantalum, as well as "all other non-ferrous base metals, unwrought or wrought, which may always be regarded as originating wholly within the Common Market when used in the state described in this list in a process of production with the Common Market".

As a result of this type of deformed industrialisation, the CARICOM area as a whole has become a collective colony of imperialism. And the "less developed countries" (LDCs) have become colonies of some of the "more developed countries" (MDCs).

EQUAL PARTNERSHIP

In the 1970's, the transnational corporations, which comprise only about 3% of the capitalist companies but represent 75% of world production, became the targets for attacks; they stuck out as "sharks devouring sardines". In this new situation the imperialists devised the new tactic of partnership.

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 our 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 sector which has the financial wherewithal to join with foreign 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".

This policy was implemented in the Caribbean and Latin America. 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 several of the Caribbean territories, the foreign companies threw open their doors to local participation. In Guyana, in 1970, the slogan was 'meaningful participation in bauxite'. This was similar to the "chileanisation of copper" slogan of the Eduardo Frei's government of Chile (1964-70), which, with the approval of the US State Department, had acquired a 51% ownership in a US copper company.

Putting this in proper perspective, the Soviet historian G. Mirsky, noted: "the new fashion is set by the monopolies of the 'new type', which expand production based on high technology and are no longer interested in preserving the former colonial division of labour, i.e., in using the backward countries only as agrarian raw material appendages of the 'metropolis'. . . A new international division of labour is planned under which are the most technologically 'modern' and capital consuming industrial branches requiring highly skilled workforce, while the developing countries will be 'intermediate products shops' of world capitalist production and 'middle links of the conveyor', fully dependent, of course, on the most important, technologically advanced initial and final links. . .

"To build factories in order to exercise greater control, is the secret motto of the implementation of the neo-colonialist line for establishing a new 'technological dependence of the developing countries', officially masked by the so-called 'equal partnership' conception."

This type of industrialisation has formed the basis of the "Brazilian model" of planning and "development". Like the Puerto Rican model, it is based on an even wider attraction of foreign capital. According to Marcos Pereira Vianna, President of the National Economic Development Bank (*Guyana Chronicle*, September 7, 1977):

"Brazil is a free enterprise nation. The basic course being followed by the Brazilian government is to take care of infrastructural needs, such as highways, railroads, shipping power and communication, while leaving most of the industrial and agricultural development in private hands.

Important state-controlled enterprises exist, notably in steel-making, mining, oil prospecting, extracting, refining, distribution and shipping, and the government is prepared to serve as a partner in private companies when additional resources are needed or when local control in certain key and sensitive areas is necessary for security reasons".

Trinidad and Tobago has also opted for a reformist course. Its Prime Minister Dr. Eric Williams declared that neither the pro-imperialist Puerto Rican model nor the Cuban revolutionary socialist model would suffice. He argued for -

"A middle way between outright nationalisation and old fashioned capitalist organisation backed by monies and the dollars of the United States. That middle way is an active participation between Government and major foreign investors in both the formulation and the achievement of the Government's development targets and social objectives".

According to Gonsalves -

"With the exception of Cuba and now possibly Guyana, Trinidad and Tobago has more of its economy under state ownership than any other Caribbean country...

Additionally, the Trinidadian government is in partnership with big business - local and foreign - in a number of ventures; it is involved in a majority share-holding position (51%) on the sugar estates with Tate and Lyle; it has a 50-50 partnership with Continental Telephones in running the local telephone system; it has 51% of the shares in Textel - an external telecommunications company - with Cable and Wireless being the minority partner; it has 90% of the ownership in the Trinidad and Tobago Television Company with the Columbia Broadcasting System of New York controlling the other 10%; it controls 90% of BWIA with Caribbean International Corporation holding the balance of the shares; it owns 50.1% of the Trinidad Tesoro Petroleum Company with Tesoro Petroleum Company having the other 49.9%; and it has involved itself with national capitalists in joint ventures such as the Trinidad Port Contractors Ltd., Trinidad and Tobago Development Finance Co., and the Trinidad and Tobago Meat Processors Ltd...."

There was a big influx of foreign capital in the Commonwealth Caribbean region. By 1967, the USA, UK and Canada had a total of US\$2.6 billion in direct private investments with the highest concentration in Trinidad and Tobago (\$646.8 million) and Jamaica (\$667.8 million). The manufacturing sector increased significantly in both countries. In Jamaica, its percentage contribution output increased from 13.9% in 1950 to 16.2% in 1968. In Trinidad, the average annual growth rate of real gross domestic product was 8.5% between 1951 and 1961. During the first five-year plan period (1958-62), under the guidance of Dr. Arthur Lewis, 66 new tax-free pioneer factories were set up, plus 30 including fertilizer, stock feed, garment and textiles, which received other government concessions and the Gross Domestic Product increased from \$481 million to \$1,180 million.

According to Jay Mandle⁵

"This growth rate decelerated in the 1960's but, even so, real per capital domestic product increased by about 2.3% per year between 1963 and 1968. During these years alone, exports of manufactured goods doubled, substantially increasing this sector's contribution to output (Third Five-Year Plan, Trin. & Tobago, 1969-73, p. 423)."

However, in the seventies the economies of most of the Commonwealth Caribbean territories experienced serious problems. The annual report of the World Bank for 1978 disclosed that economic activity in Latin America and the Caribbean region grew 3% in 1977, slightly less than the near 5% growth in 1976. It referred to Jamaica, Guyana and Peru as still having "serious adjustment problems".

What is more significant is that the benefits of earlier high growth rates did not trickle down to the masses. There was persistent poverty. High unemployment and under-employment was a perennial problem.

The first 5-year plan of Trinidad and Tobago was intended to create 35,000 jobs, but only 4,000 was achieved. A Special Economic Review disclosed that in 1975, out of a labour force of 395,000, 66,100 were out of jobs. It pointed out that the overall unemployed rate was much higher than for persons who were able to secure jobs; thus, a progressive worsening of the unemployment situation.

For the Caribbean Community area, President of the Caribbean Development Bank William Demas estimated that the employment rate was between 10 and 20%. For the 15-19

age group, it was as high as 50%. And the rate of labour under-utilisation was between 30 to 50% throughout the region.

Later estimates indicate that 50% of the region's population is under 25 years of age and the unemployment rate is over 40%.

In early 1976, the former Secretary General, Alistair McIntyre, told the Summit meeting of the Caribbean Economic Community that the region was faced with "unprecedented difficulties" including a 20% inflation rate, the "scandalous" food importation bill of \$1,000 million, a worsening balance of payments problem, and the need for 150,000 jobs for full employment by 1980. And he lamented the shortage of funds for the public sector and "starting increases" in consumption expenditure.

Deteriorating economic and social conditions led to an aggravation of the situation, and an acceleration of the national liberation and class struggles. This in turn led to anti-imperialist currents particularly in Guyana and Jamaica in the 1974-76 period, and in the removal of the imperialist-backed regimes in Grenada, Nicaragua, St. Lucia and Dominica in 1979.

Consequently, after the failure of attempts at "destabilisation" against the Manley-led government in Jamaica and the electoral victory of the People's National Party in 1976, increasing concern was expressed and attention given by the political spokesmen of the ruling circles in North America.

In June 1977, former Assistant-Secretary of State for Inter-American Affairs, Terrence Todman, in a statement before the sub-Committee on Inter-American Affairs of the House International Relations Committee, spoke of US security interests in the Caribbean and warned:

"If the present adverse trends in the region continue, and we take no effective action, I think we can count on unfortunate developments".

Action has been taken at the political, economic, military/psychological, cultural and ideological levels, combining the traditional "carrot" and the "club".

New institutions have been created. These have become necessary not only because of rapidly changing conditions, but also the demise of the imperialist-controlled organisations such as ORIT and CADORIT (the Latin American and Caribbean area of the International Confederation of Free Trade Unions) and the American Institute for Free Labor Development (AIFLD).

The Caribbean Group for Cooperation in Economic Development brought together in 1978 the "sharks" and the "sardines". It was necessary to co-ordinate imperialist strategy and regional efforts of the developed industrialised capitalist states in the same way as had become necessary at the international level following the first oil crisis in the 1973-74 period through the formation of the Trilateral Commission and the close co-ordination between the USA, the EEC and Japan, the 3 capitalist power centres.

Playing the leading role in the Caribbean Group are the USA, West Germany, Holland, UK, France and Japan. The dependent capitalist states such as Brazil, Argentina, Venezuela, Mexico, Israel, Spain and Trinidad are also included so as to act as a shield for imperialism and at the same time as a model for the lesser developed Caribbean states.

The Committee for the Caribbean and the Caribbean/Central American Action Group will be the private backups to the Caribbean Group. While the latter will deal with multi-lateral and bilateral aid, the Committee for the Caribbean will concentrate on fostering "private enterprise", creating "a climate of trust and respect for... business and our economic system" and establishing "joint ventures". The Caribbean/Central American Action will "serve as a catalyst in bringing diverse talents, resources and institutions of the American people together with these of the Caribbean and Central American Peoples to

address the needs of those societies and build US friendship there".

Further, to exert cultural and ideological influence, Peace Corps volunteers will be increased substantially; and more funds will be allocated by the US International Communications Agency for academic exchanges between the US and the Caribbean.

Since taking office, the Carter administration had two major policy objectives: to improve the over-all US military posture, and to influence constructively patterns of global change. To influence the course of socio-political transformations and to shape "a rapidly changing world in ways that would be congenial to our interests and responsive to our values", US Security Adviser Zbigniew Brzezinski⁶ urged not a regional, but a differentiated country to country approach "where they demonstrate independence from Moscow and willingness to contribute to overall regional stability, we should encourage them. Where they do not, we should isolate them".

This is similar to Henry Kissinger's directive in January 1976 when he told the Senate Foreign Relations Committee:

"The hostility of some of the Third World spokesmen and bloc voting have made constructive discussions in the UN forums between the industrial and developing world almost impossible. I have instructed each US Embassy that the factors by which we will measure the value which that government attaches to its relations with us will be its statements and its votes on that fairly limited number of issues which we indicate are of importance to us in international forums".

At that time, the USA was complaining not only about "bloc voting" but "automatic majority", meaning the socialist countries and the progressive newly-emergent states:

"Our values" were spelt out at the Miami Conference on the Caribbean by US Under-Secretary of State and US Ambassador-at-large Philip C. Habib as five principles -- significant support for economic development; firm commitment to democratic practices and human rights; clear acceptance of ideological pluralism; unequivocal respect for national sovereignty; strong encouragement of regional cooperation and of an active Caribbean role in world affairs.

These principles of US policy toward the Caribbean were reiterated by US Ambassador for the Eastern Caribbean Sally Shelton in Puerto Rico on February 27-29, 1980 at a Conference on Problems and Perspectives of Sovereignty and Independence in the Caribbean sponsored by the Caribbean Institute and Study Center for Latin America (CISCLA) of Puerto Rico; and also by US Ambassador to Guyana, George Roberts in an address to the Rotary Club on April 23, 1980.

President Carter at the inaugural meeting of the Caribbean/Central American Action on April 9, 1980 in Washington said: "We are interested in dignity, development and democracy". Towards that objective, he told the Conference:

"Since I was inaugurated, we have more than doubled aid to the Caribbean region. When the Congress completes action on the present aid program, which I think will pass, we have nearly quadrupled our aid to Central America. And, as you all know, this is a time of extraordinary budget restraint.

In addition to these bilateral efforts, we have encouraged the formation and worked very closely with 30 other nations and 15 international institutions to provide additional economic help for the Caribbean region -- working with the World Bank and others. Multilateral assistance has increased four-fold between 1976 and 1980, from 110 million dollars to more than 400 million dollars in that brief period of time".

President Carter and other exponents of the industrialised developed countries, however, have repeatedly make it clear that cooperation with developing countries should be based primarily on private investments. Terrence Todman told a Conference on Caribbean Business, Trade and Development on June 23, 1979 that private enterprise was an urgent prescription for the solution of the region's ailments. Philip Habib declared that "the open competitive environment that enables modern free enterprise to make the greatest

contributions to efficiency, change and innovation goes hand-in-hand with the pluralism of democratic participation."

According to George Roberts -

"Economic systems which discourage the inflow of capital and stifle inventiveness thus condemn a society to live in the past and condemn a nation to stagnation and underdevelopment.

So when the United States says that it supports Caribbean economic development, it means that we support systems which encourage the free flow of capital and we support systems which encourage imagination and initiative".

He went on to assert that "those of us who are sincerely interested in economic development are very suspicious of development programs based on governments' "seizing control of the economy"; state-run enterprises are not efficient; "profitable opportunities for investment" must be provided in order to tap the vast sums in private hands; and since there is so much demand for this capital, it is not likely to flow to those countries where there is denunciation or harassment of the investor or nationalisation of his property -- shades of the foreign economic policy objectives of the Truman doctrine, and the rationale for the Puerto Rican model of "development". This is a sure prescription not only for the loss of sovereignty as Nelson Rockefeller revealed about the Iran under the Shah but also for the death of democracy as demonstrated in Chile and elsewhere.

That aid has been used as a political weapon, has been clearly demonstrated in Chile and Guyana. As the following table shows bilateral and multilateral loans were drastically reduced during the term of office (1970-73) of the Allende revolutionary-democratic Popular Unity Government as compared with the reformist Eduardo Frei's Christian Democratic Government, and greatly increased during the US-installed fascist Pinochet regime. The World Bank (IBRD), fully controlled by the USA, granted to Allende's government not a single loan, but gave ^{the} Pinochet military junta US\$127 million from 1974 to 1977.

SUMMARY OF AVAILABLE DATA ON LOANS TO CHILE, 1969 to 1975⁸

(Millions of Dollars)

	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>
Inter-American Development Bank	31.3	48.6	11.6	2.1	5.2	97.3	70.8
World Bank	11.6	19.3	0	0	0	13.6	42
US Economic Aid	69.4	24.8	7.8	6.9	3.3	55	73.4
US Export Credits	30.1	3.3	0	0	0	0	40
SUB-TOTAL	142.4	93.0	19.4	9.0	8.5	165.9	226.2
US Military Aid	11.7	.8	5.7	12.3	15.0	11.3	21.3
IMF Credits	Not Available		40.9	85.8	95.3	136.3	178.0

Guyana is another example of aid with political strings. After the removal of the first PPP government in 1953, Britain pumped \$44 million for an emergency 2-year programme, \$18 million more than the puppet regime could spend. That largesse did not extend to the second PPP government; its 1960-64 5-year development programme was limited only to \$110 million. But after the installation of the PNC in power, Anglo-American imperialism proffered \$300 million for its first 6-year development programme. Guyana was in this 1964-70 period, as has been pointed out above, one of the biggest recipients of US aid. In the 1971-76 period, when the regime carried out certain limited national anti-imperialist tasks, aid was drastically reduced, and destabilisation measures as in Jamaica were resorted to.

In 1977, with the economy in a serious crisis, imperialism in return for financial assistance exerted pressures and forced the government to the right. This was made clear

on July 16, 1977 when the Minister of Finance admitted that a loan application to USAID STARTED FOUR YEARS EARLIER, HAD BEEN BLOCKED BECAUSE "of a difference in views". He went on to point out that there had been "a closing of the gap in views", since the Carter administration had taken over, and this had led to the successful conclusion of an Agreement.

The "closing of the gap in views" has meant an "open door" to foreign capital and other concessions in domestic and foreign policies.

On June 12, 1978, the government signed a secret agreement with the International Monetary Fund which placed further burdens on the working people and made concessions to foreign capital. This was spelt out in a Letter of Intent of July 12, 1978:⁹

The government is prepared to rescind the prohibition on transfers abroad of funds arising from depreciation allowances by foreign-based companies at an early date, but in any case prior to October 31, 1978....

Finally, during the period of the stand-by arrangement, the government does not intend to introduce any multiple currency practice, impose new or intensify existing restrictions on payments and transfers for current international transactions, or impose new or intensify existing restrictions on imports for balance of payments reasons.

All further nationalisation was halted. The New Investment Code of 1979 espoused an "open door" policy to foreign private capital, a reversal of the policies enunciated in the Sophia Declaration of December 1974. Then it had been stated that the PNC intended "to proceed with the implementation of the policy of ownership and control of national resources"; that private foreign capital would be restricted; it could come only in partnership with the state or cooperatives, which must have majority control.

In keeping with the new policy, the foreign banks were not "miniaturised"; namely, not restricted to operate only as lenders of off-shore money -- money that they brought in from abroad to lend into the economy; concessions were granted to Western investors for uranium and mineral oil; private capital is being sought for an aluminum smelter and appeals have been made "for foreign investors to join with Guyanese investors in consortia to exploit Guyana's bauxite and other minerals" and for "joint ventures in such fields as shipping".

In foreign policy, the PNC regime has shifted since 1977 from its anti-imperialist stance in the 1974-76 period to its earlier vacillating position of the 1971-73 period when the balance had been in favour of imperialism. In the latter period, it was close to Maoist China, and attacked the Soviet Union with the Maoist "two superpowers, two imperialisms" line, it was silent on US aggression against Vietnam, and in response to calls for support for Vietnam, has propagated the US line that "all troops must withdraw from South Vietnam -- US and North Vietnamese!

In the 1974-76 period, when among other positive measures, it supported though belatedly the MPLA and permitted the passage of Cuban planes bound for Angola after the Barbados government had stopped such flights, it came in conflict not only with the USA, but also with China. Now, again it has drawn closer to China, and is under pressure to move towards its outright pro-imperialist 1964-70 position, of which Ted Braithwaite, Guyana's first Ambassador to the United Nations, bitterly complained in a radio broadcast after his resignation in the early 1970's -

"Time and time again I was forced to realise that while I was at the UN pursuing what I considered to be my country's right to intervene in certain political issues, back in Guyana other presences were dealing with those same issues...." resulting in his being told "what the American Secretary of State would wish him to do or what posture he would wish him to assume".

On the aggression of China against Vietnam, the PNC regime took the pro-imperialist

line, calling "for an end of hostilities, the withdrawal of all foreign forces and the restoration of a regime of peace in the area"; namely: Chinese troops must withdraw from Vietnam, and Vietnamese troops must withdraw from Kampuchea. It pointed out that it was disturbed "that involved in the conflict are socialist states including members of the non-aligned movement".

The reality is that the Chinese leadership has acted against the interest of the Chinese people, betrayed socialism and has become part of the reactionary US-NATO-China-Japan axis; and the barbarous Pol Pot regime of Kampuchea, as a puppet of China, had committed criminal acts of genocide.

In the voting in the General Assembly of the United Nations on the Soviet Union's assistance to Afghanistan, Guyana sided with the imperialists. This was a marked change from the position taken during a parallel situation, the Angolan crisis.

Little wonder that Guyana has again become the biggest recipient of US aid for the Caribbean. Of the total of G\$270 million for the last 25 years, 33% was granted in 1978 and 1979!

U.S. MODEL

What kind of model for development? President Carter, like Habib previously, told members of the US Caribbean/Central American Action (CCAA) Group at a reception at the White House that "Cuba's promise, as you well know, is an empty one, just as Cuba's claimed independence is a myth". He went on:

"This is a time when people who suffer under dictatorships to the left and the right want a free voice to express their displeasure and their urging for change, and we are concerned when they are deprived of a right to speak or to act in their own best interest.

Democracy is a vital force in the Caribbean region. We want to encourage that vital force".

The President referred to change by recent elections in St. Vincent, St. Kitts and the Dominican Republic, "the first time in the history" of the latter country. He called for "development not in the form of huge projects but community-type interrelationships".

Governor Bob Graham of Florida told a press conference of the CCAA that "the emphasis of his organisation will be on personal contacts between citizens who might be able to assist in small-scale operations".

Sally Shelton had earlier identified the priority areas of US assistance as agriculture, education, health services and small-scale industry. She termed "poverty the key threat to the area", and US aid was aimed more and more at attacking the region's severe unemployment problem.

Former Secretary of State Cyrus Vance had earlier in May 1979 stated: "Roughly half of our bilateral economic assistance -- approximately 100 million dollars this year -- is devoted to agriculture and rural development".

The strategy thus formulated cannot bring about balanced development and will not alleviate the social and economic pressures on the masses. It is imperialism's neo-colonial methods to perpetuate under new conditions dependent status for the Caribbean.

It is not poverty which is "the key threat to the area". Rather, it is the pro-imperialist and pro-capitalist economic policies, the growing financial tribute paid overseas as profits,¹⁰ interest and debt payments, the curtailment of democracy at the political, economic and social levels, corruption, discrimination and increasing expenditures for the coercive apparatus of the state which lead to poverty and curtailment of social services such as health, education and so on. This in-turn leads on the one hand to an intensification of the national liberation and class struggles and on the other to

militarisation of politics and industrial relations and a creeping dictatorship.

US Ambassador George Roberts tells us with respect to Guyana that its problem today is one of production. And no doubt with the Soviet model in mind, he urges that the "systems which grew out of the mid-nineteenth century European problem of unjust distribution simply cannot have much applicability to the late twentieth century Guyanese problem of insufficient production"; that the two essentials for economic development are "human initiative and capital".

Actually, Guyana was neither short of capital nor human initiative. There were large inflows of capital resulting in the increase of the national debt from G\$128 million in 1964 to nearly G\$2,500 million at the end of 1979 (G\$2,810^{million} estimated for 1980). And human initiative has been adversely affected through an alarming "brain drain" of skilled personnel due, among other factors such as rapid deterioration of living conditions and rampant crime, to discrimination in employment practices (jobs-for-the-boys on the basis of the PNC party card under the doctrine of "paramountcy of the party").

Thus, Pat Thompson, former Guyana Ambassador to the United Nations and now Chairman of the Bauxite Industry Development Corporation, declared in his 1980 New Year Message that the key factor to break out of the "tangled web" and to increase production and productivity was morale; workers must feel that their performance was being objectively assessed; and managers must be given the necessary functional authority to accomplish tasks assigned them "within defined, overall policy criteria and without frequent, trivial, nit-picking, irrelevant and unhelpful interference".

Development and industrialisation is not simply a question of the economy. There is an interconnection, interaction and reciprocal influence of the economy, politics, culture and ideology. Success will depend on the extent to which there is a harmonious interconnection of all public spheres.

In the mid-sixties and early-seventies, against the background of huge industrial and agricultural surpluses and the US soil bank scheme,¹¹ the PNC concentrated on infrastructure. Very little was done for the directly productive schemes in industry and agriculture.

Now, in the context of world food shortage and internal and regional political turmoil, emphasis is put on water control schemes and agriculture.

The new indicative 1978-81 Development Plan earmarks only 3.9% for manufacturing, 6.5% for power (conventional not hydro) and 26% for drainage and irrigation infrastructure. This is a clear indication that the PNC intends to carry out a neo-colonial economic policy without a balanced industrial-agricultural development.

With the restriction of state expenditure for manufacturing, the extremely high interest rates and the free entry of manufactured goods under the Caricom treaty, the industrialisation of Guyana will be further delayed.

The foreign companies are merely concerned with the extraction of raw materials. Under the New Investment Code (1979) concessions have been granted for uranium to a West German and a French Company, and for mineral oil to a Canadian and an American company. Foreign partners are also being sought for a large hydro-electric scheme.

Guyana will become the supplier of cheap raw materials and services as was done in Britain after the nationalisation in the late 1940's of electricity, coal, steel, road and rail transport.

In the new Development Plan, emphasis is placed on water control schemes. Adequate financial allocation for drainage and irrigation projects which had been suspended since 1965 is necessary. Water control is essential for successful farming. But agriculture

alone will not generate sufficient income to bear the huge debt service charges for the costly agricultural-infrastructural drainage and irrigation schemes. For example, the first phase of the Mahaica-Mahaicony-Abary water control project, which was estimated at G\$32 million in the early 1960's, will now cost G\$185 million. In 1976, it was estimated that \$200 million had been invested during the previous 15 years in infrastructural works for promoting agriculture, but the output had grown to less than 1% per annum, which was slower than the 2.8% population growth.

There must be balanced industrial-agricultural development. Industry generates profits and capital more rapidly than agriculture. These will help to carry the high debt charges for drainage and irrigation. If there is not simultaneous industrial-agricultural development the economy will be faced in the future with balance of payments and budgetary deficits even worse than at the present time.

A pro-imperialist and pro-capitalist economic planning strategy, incorrect sectoral allocations, lack of democracy, bureaucratic-administrative and police-military methods of rule, the denial of human rights and civil liberties, the militarisation of politics and industrial relations, the refusal to establish democratic management and workers' control at state enterprises and to recognise truly democratic mass organisations, political and racial discrimination in the allocation of jobs, land, credit, houses and consumer goods at state outlets, political patronage, corruption and extravagance have acted directly and indirectly as fetters on the productive forces.

There has been growth without development. Production and productivity have declined. The GNP per capita (real) was 1.5% for the 1960-75 period and a mere 1.1% for the 1970-75 period. At market prices, the economy achieved a growth rate of minus 7.2% in 1976, and minus 0.4% in 1977; in real terms, it was much more negative. In 1978, the growth rate was minus 1% in 1979, it suffered an estimated decline of over 2% from 1978 levels.

Had the productive forces not been fettered, additional revenues would have been obtained from increased production for the expanding cost of the state apparatus and the mounting debt service payments; and additional foreign exchange would have been earned from expanded exports for the importation of consumer necessities, raw materials, machinery, equipment and spare parts. As the following table shows, because of stagnation of production, there is a shortfall in revenue, a current budget deficit and cuts in social service allocations despite very high taxation and removal of practically all subsidies on essential commodities.

TABLE 1
CURRENT BUDGET

	1964	1979
Current Expenditure	G\$68 million	G\$580 million
Current Revenue	67.6 million	396 million
Current Budget Deficit	.4 million	184 million
Debt & Compensation Payments	10 million (15% of Cur. Rev.)	225 million (57% of Cur. Rev.) ¹²
Salaries	27 million	178 million
Social Services & other charges	45.5% of Current expenditure	30.5% of Current expenditure

The deficit on the current account of balance of payments rose from 3% of GNP in 1975 to 33% in 1976 and 22% in 1977. Despite credits from the International Monetary Fund (IMF), it increased from G\$177 million in 1977 to \$184 million in 1979.

The dismal, bankrupt situation was revealed in the 1980 budget speech of the Minister of Economic Development:

". . . At the end of 1977, we had fallen into arrears of payments due on external transactions in the amount of \$102 million. We were not paying our debts, and we were becoming uncredit-worthy as a nation. To put it bluntly, having regards to our level of production, we were living above our means".

To extricate itself from the tangled web of economic, financial, social and political crises, the government has taken the IMF road, which as meant ever increasing burdens on the working people; and resorted to more borrowing. The latter will only compound problems later; already debt payments were more than loans negotiated in 1976 and 1977, as shown in the following table:

<u>YEAR</u>	<u>AMOUNT BORROWED</u>	<u>AMOUNT REPAID</u>
1974	\$ 86,463,386	\$ 56,720,000
1975	\$102,944,438	\$ 67,954,000
1976	\$ 93,963,726	\$118,858,000
1977	\$ 84,363,826	\$123,353,105
1978	\$173,658,460	\$154,039,105

The PNC regime's new development plan is thus tailored in keeping with the designs of imperialism for the creation and strengthening of a reactionary petty-bourgeoisie and bourgeoisie, the ensnaring of the country into a debt trap, and the incorporation of Guyana into its geo-political web. The country will be tied as an agricultural appendage to a dependent capitalist West Indies with a deformed type of industrialisation sited mainly in Trinidad, imperialism's economic base.

The concentration on small-scale industries in the less developed countries of the Eastern Caribbean and on agriculture and minerals¹³ in Guyana are of strategic importance. Agriculture will provide food for the restive population of the Caribbean territories, which have a food trade deficit of nearly US\$1,000 million, and with the exception of Trinidad and Tobago, serious balance of payments problems. Through the Caribbean Food Corporation, it will permit the infiltration of the foreign transnational agro-industrial corporations. It will also create a new "agro-industrial bourgeoisie", as a social base for capitalism-imperialism. This had been done in Bolivia in the 1952-64 period after the nationalisation of the tin mines and a radical land reform, and eventually helped in the overthrow of the regime of the National Revolutionary Movement.

Trinidad is to become the "Brazil" of the Caribbean under a dependent state monopoly capitalism with a deformed type of industrialisation. The foreign transnationals — Texaco, Amoco, Tesoro, W.R. Grace, Unilever, Nestle's, Tate & Lyle — are already well established. Now, a whole new area, Point Lisas, is to be "developed" jointly with a TT\$4,500 million industrialisation programme under the partnership model ("neither Puerto Rican nor Cuban") with the Trinidad government linked with the foreign, mainly North American, monopolies.

According to Jeremy Taylor,¹⁴ some of the major projects will include: the Trinidad Nitrogen Company (TRIGEN), a joint venture with W.R. Grace; the Iron and Steel Industry of Trinidad and Tobago with Korf Industries of North Carolina providing "technical and managerial services," and Brazil supplying some of the raw material; Fertilizers of Trinidad and Tobago Ltd (FERTRIN), a \$600 million joint project with Amoco; Liquefied Natural Gas (LNG), a US\$1 billion joint project with Tennessee Gas Corporation (a subsidiary of Tenneco Oil) and People's Gas of Chicago; a 75,000 tons aluminum smelter; expansion of the cement industry; a furfural plant; a petro-chemical plant operated with Texaco; a polyester fibre plant and a second petro-chemical complex (olefins/aromatics).

"Among massive infrastructure projects", says Taylor, "are a generating capacity of 370 megawatts (the first, huge 88MW unit came on stream in October) two large-scale water projects, two gas pipelines bringing natural gas to the estate from Trinidad's offshore fields (the first, cross-country line is already in use), a deep-water harbour and a

national shipping line.

Among possible future projects are production of refractory brick, glass, methanol, single-cell protein from hydrocarbons, and more fertiliser (with the Kaiser Corporation)."

Trinidad will become the main "industrial" centre from which the foreign transnational corporations will exploit the other Caricom countries. In this regard, it is important to note that between September 1973-April 1974, the price of gasoline from Trinidad increased by 147% as compared with 28% in the USA. In mid 1979, the oil refineries in Trinidad received \$2.27 per gallon for gasoline, an increase of 56 cents on the previous price of \$1.71. In the USA, the increase was not so high. Urea was sold by Federation Chemicals to its parent W.R. Grace Inc. in the USA for TT\$186 per ton; to Guyana, the price was TT\$330 per ton. The same applied to ammonia. Not so long ago, the government complained that soap and detergents originating in Trinidad were costing more than if they had come directly from the parent body in England. Nevertheless, we are forced to buy under the Caribbean Common Market (Caricom) Treaty. Guyana is excluded from buying goods outside the region so long as they are available within the region. Meanwhile, our trade deficit with Caricom states grows; it was G\$106.6 million in 1977 compared with G\$97.3 million in 1976 and G\$80.5 million in 1969.

Nor will "industrialisation" under the control of foreign monopolists, solve the problems of the people of Trinidad any more than it has done in Brazil.¹⁵

The transnationals have embarked on another type of neo-colonialist international division of labour, under which they reserve for themselves in the industrially developed countries the processes which^{are} capital-intensive and based on the most advanced technology, the product of the scientific and technological revolution and the production of capital goods; at the periphery in the developing countries, they concern themselves with the extraction of raw materials, and the establishment of the most labour-intensive "dirty" and secondary consumer industries, which produce commodities for the local or regional market at monopolistic prices or components to be imported to other developing countries or to the developed capitalist countries.

The new investment policy of the transnationals is to gain control over the industrial development of the developing countries, to make them totally dependent on their political and economic line; thus, narrowing their sphere of decision-making and sovereignty over their national economy and increasing their exploitation. Under these conditions, the transnationals make enormous profits which even under the conditions of state supervision or partial nationalisation they are able to repatriate in large amounts.

In Trinidad and Tobago, between 1956 and 1967, investment income outflows were 26.4% more than inflows.

One of the oil companies operating in Trinidad and Tobago, the Tesoro Petroleum Company, boasted that its new profits increased from US\$4.4 million in the first quarter of 1973 to US\$13.4 million for the corresponding period in 1974; and that its per share earnings exceeded 30% per year.

Texaco, which accounts for nearly 86% of the refined oil output bought out the British-owned Trinidad oil company for \$302.4 million in the early 1950's -- \$19.36 for every \$1.20 share. According to economist Dr. Trevor Farrell, "Texaco refinery capital investment through depreciation allowances has been paid for long ago. Further capital expansion is done largely by re-investing profits that we create in that refinery".

Dr. Norman Girvan has shown that the Caribbean supplies about 86% of the raw material for the North American aluminum industry but gets only about 4% of the total income of this integrated industry.

He says:

"Of an estimated total of £691 million gross income created from mining through semi-fabrication the share arising within the Caribbean economies was 6% only. Of this share net profits, dividends and probably some interest is lost to the national income of the Caribbean so that the real Caribbean share is more likely to be in the region of 4%".

"Industrialisation" has not succeeded despite a "rat race" in the Caribbean in the granting of incentives to foreign investors. I recall the Jamaican Minister of Trade and Industry Wills Isaacs threatening to storm out of a Caribbean Heads of Governments meeting in Trinidad in the late 1950's if Jamaica was prevented from granting a 15-year tax holiday for an oil refinery.

Failure in economic development and industrialisation led to open rebellion particularly in Jamaica in the 1960's and in Trinidad in 1970. Soon after, Prime Minister Eric Williams blamed his own party leaders and the "baccanal politics" of his countrymen and threatened to resign. Later, in spite of the oil boom and tremendous foreign reserves, one journalist in August 1978 wrote about frequent "telephone breakdowns", a "shanty town just outside Port-of-Spain . . . looking down on the multi-million complexes in Port-of-Spain below" and "out-of-work youths still idle away on the corners along Independence Square in the capital." There is a grave water problem and roads in the rural areas are in a terrible state of disrepair.

In Jamaica, Norman Manley, on his retirement in 1969, lamented: "We have seen how since independence day, the masses of Jamaica have found little or no change in their social and economic way of life". He went on -

"In 1938, we of the PNP were the pioneers at a time of crisis in what was to prove a political revolution. In 1968 (30 years later) the wheel has come around full circle. We face the need for profound social and economic changes and all that that implies in the demand for clear thinking and honest, clean feeling, and for positive and far-reaching directed and planned action on constructive lines. . ."

Prime Minister Michael Manley placed a levy on bauxite exports, which increased revenues about 400%; and developed close relations with Cuba. Destabilisation measures followed, and wreaked havoc on the economy.

In February 1977, his government rejected IMF proposals, but succumbed in April, a few months later.

The IMF, under the control of the USA and other western imperialist states, plays an intense political, not just a technical role. Its prescriptions for a sick economy¹⁶ generally include a package with the following: wage controls and wage freeze; credit squeeze; cutbacks in government spending especially in health, education and welfare; devaluation of currencies; emphasis on export-oriented programme at the expense of production to meet local basic needs; suspension of foreign exchange controls, if any; and active encouragement of more private foreign investment.

The Manley government finally made a break with the IMF. in early 1980 with the admission that experience had shown that the IMF connection did not resolve basic problems, and to continue with it, would have meant further hardships on the masses.

The IMF road leads not only to an aggravation of the political situation, but also to the death of democracy as in Indonesia, Egypt, Brazil and Peru. In Guyana, where expenditure for the coercive apparatus of the state (police, military and para-military forces) increased from G\$16 million in 1972 to about \$103 million in 1980, political and civil rights are increasingly being violated and there is a semi-dictatorship with the facade of democracy.

Yet, despite talk about US's "firm commitment to democratic practices and human rights", Philip Habib in 1977 said as regards human rights violations: "This is not a problem in Guyana",. And Ambassador George Roberts told a press conference in Guyana in

March 1980:

"Human rights are very important, but it is not the only criterion to be looked into. We have other interests. Nobody has ever alleged that torture is government policy. We do not have an investigative team here. . . we do not have an FBI. There is no way that I can know of everything going on. Besides, it is not my business".

"Other interests" no doubt mean raw materials and the American capitalists system as enunciated in the Truman Doctrine!

REVOLUTIONARY-DEMOCRATIC MODEL

The Caribbean is clearly in need of a new strategy for development -- a revolutionary-democratic, not a patched-up version of the old reformist, model.

In a letter to the Second General Assembly of the Caribbean Council of Churches in 1977, past Caricom Secretary General stated:

"This Assembly provides the churches of the region with an opportunity to undertake a fundamental review of the requirements for greater transformation and development in the region.

There is fairly general agreement that the development strategies pursued since the latter part of the 1950's have failed to produce stronger economies in the region, and have not led to sufficient improvements in the related areas of employment, income distribution and rural development.

In the specific case of employment, the region is beginning to drift into an explosive situation where, quite apart from the continuing chronic problem of absorbing the backlog of the unemployed and under-employed as well as the output of school leavers from the primary system, difficulties are beginning to be experienced in some countries with finding jobs for the output from the secondary streams.

A major task before the region is to find ways of keeping our young people off the streets and of absorbing them fully into the mainstream of national and regional life. All sectors of the society should urgently address themselves to this question. In this no less than in other areas, the time for rhetoric is past".

Fear of Soviet and Cuban influence in the Caribbean seems to be the dominant consideration for the spurt of Western interest in the region.¹⁷

But that will not produce the needed results. The Alliance for Progress in 1960-61 was a similar reaction. But it did not reach its objectives. Dante D. Fascell, chairman of the US House of Representatives Sub-Committee on Inter-American Affairs in mid-February 1969 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 of 1.5% was a little more than one-half of the expected Alliance goal of 2.5%, he said: "I have serious doubt that this increase has had any significant impact on the masses of the people. At this rate of progress Latin Americans who live at the edge of subsistence - whose annual income is estimated at about \$200 - 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 the growth in its population is taken into account".

To the US State Department whose spokesman says that "there is a way to have social change without adopting a Marxist model," we Marxists say look at Chile. It amply demonstrated the interconnection and interaction between politics and economic models and systems. The blatantly pro-capitalist and pro-imperialist Alessandri regime (1958-64) practising the Puerto Rican model was defeated by the Christian Democratic, Eduardo Frei's party; its demagogic government (1964-70) carried out a reformist, pro-imperialist economic planning strategy based on the Alliance for Progress and the "partnership" model. However before its term of office expired in 1970, Frei's party was split; the radical wing, MAPU,

broke away and joined the revolutionary Unidad Popular. And Marxist Salvador Allende, who had lost the 1958 and 1964 elections, won the Presidential elections in 1970 -- a political expression of the bankruptcy of reformism.

To those who take an anti-communist position and talk about "false promises of foreign models" and attack the Caribbean vanguard for importing a "foreign ideology", and taking "orders from Moscow" we say that Marxism is not a lifeless dogma, not a completed, ready-made, immutable doctrine, but a living guide to action. It is a science, it requires a concrete analysis of a concrete situation. Like all sciences, it grows and develops in accordance with changing conditions and times. Its guiding principles are the instruments which permit a correct interpretation of objective reality, and an evaluation and understanding of historical development.

Lenin said:

"We do not regard Marx's theory as something completed and inviolable; on the contrary, we are convinced that it has only laid the foundation stone of the science which socialists must develop in all directions if they wish to keep pace with life". (Vol. 4, pp. 211-12).

Lenin made it clear that each Marxist-Leninist Party must determine its policies and forms of activities in accordance with national conditions. He said that fundamental Marxist principles should be applied in a way "that will correctly modify these principles in certain particulars, correctly adapt them to national and national-state distinctions" (Vol. 31, p. 92). In another context, he advised "to apply the general and basic principles of communism to the specific relations between classes and parties, to the specific features in the objective development towards communism, which are different in each country and which we must be able to discover, study and predict". (Ibid, p. 89).

And for the benefit of those who prattle that scientific socialism or communism is not democratic, Lenin wrote: ". . . socialism is impossible without democracy because: (1) the proletariat cannot perform the socialist revolution unless it prepares for it by the struggle for democracy; (2) victorious socialism cannot consolidate its victory and bring humanity to the withering away of the state without implementing full democracy" (Col. Works Vol. 23, p. 74).¹⁹

Every effort is made by the reactionary forces to denigrate the example of Cuba. Propaganda is peddled that Cuba is in receipt of vast Soviet help, yet it is in trouble. This is not the whole story.

The fact is there is an ongoing blockade of Cuba which in 1975 cost US\$700 million. And Cuba is not immune from the "stagflation" and recession of the capitalist countries, nor from the ravages of pests as in the past year.

Propaganda cannot wipe out the achievements of revolutionary socialist Cuba. The Twentieth Century Fund in a study "The Alliance has lost its way", in 1970 stated that Cuba had come closer to some goals of Latin America:

"The Castro Government has carried out more ambitious and nationally comprehensive programmes in education and public health than in the other Latin American countries".

The sugar industry has been transformed. Each sugar estate has become an agro-industrial complex. As a result, Cuba earns, as one member of a Cuban delegation visiting Trinidad in 1970 told Trinidadians, as much from the byproducts of sugar as from sugar itself.

The Chief Livestock Officer of Trinidad Dr. W. Iton on the return of the Trinidad delegation to Cuba in 1969, at a press conference, stated that Cuba had made more progress in the livestock industry in 10 years than Trinidad has made in 50 years.

In the social-cultural sphere, James Reston, the well-known US 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".

The vicious weapon of anti-communism led to the serious reverses in the Caribbean region during the early cold-war era -- isolation of the PPP government; the expulsion of the left socialists and Marxists in the PNP of Jamaica; the virtual disbandment of the militant, anti-imperialist Caribbean Labour Congress; the break-up of the West Indian Federation; the formation of the pro-imperialist Caribbean Free Trade area (Carifta, now Caricom); the destruction of revolutionary-democratic governments in the region on the slogan: "No more Cubas in the Western Hemisphere".

In the name of democracy, the PPP government was removed. Ten years later the reactionary forces inside and outside of Chile with the instigation of the CIA²⁰ destroyed the Unidad Popular Government which was carrying out a socialist-oriented programme!

Socialist orientation means consolidating national independence through the uncompromising struggle against imperialist exploitation, bringing the anti-imperialist and anti-feudal democratic revolution to completion; doing away with the monopolies and the domination of foreign capital; strengthening the country's political and economic independence, democratising socio-political life; establishing people's state power; and improving social, cultural and material conditions of the working population. It also means the introduction of agrarian reform; higher employment; promotion in every way of the development of the state sector and the cooperative movement in economy, the use of scientific principles in economic planning, the pursuit of an independent foreign policy and alliance with the socialist community; and the provision of political, economic, social and cultural prerequisites for socialist construction. This is the only way forward.

Today, revolutionary Grenada is threatened, It has the potential like Mongolia of bypassing capitalism, and taking the non-capitalist road to socialism.

Imperialism is creating a reactionary axis in the Caribbean -- made up of Trinidad and Tobago, Barbados, St. Vincent, St. Kitts, Antigua. Together they threaten the security of revolutionary Grenada and Nicaragua and imperil the aspirations of the Caribbean peoples. Militant solidarity must be extended to Grenada and Nicaragua.

MAY 1980.



FOOT-NOTES AND REFERENCES

1. Jo Thomas "Caribbean Leaders Explain View on US" - *The New York Times*, December, 1979.
2. D.F. Fleming, *The Cold War and Its Origins* - Doubleday & Co. Ltd., New York 1961, p. 436.
3. Ibid, p. 351. Byrnes denied that he had been consulted about the Churchill speech.
4. Ralph Gonsalves, *The Spectre of Imperialism: The case of the Caribbean*, UWI, Cave Hill, Barbados.
5. Jay Mandle "Ideologies of Development", *Transition*, Vol. 2, No. 1, 1979, p. 42.
6. Zbigniew Brzezinski, *Foreign Affairs*, Spring 1979, p. 741, quoted in *International Affairs*, Moscow, Jan. 1980.
7. Kissinger, quoted in *Thunder*, PPP official organ, Guyana, August-December 1979, p. 29.
8. *Paying the Piper*, GATT-FLY, Toronto, June 1977, p. 32.
9. This "Letter of Intent" signed on June 12, 1978, one month before the fraudulent referendum of July 10, 1978.
10. In 1977 and 1978, US companies exported more than US\$23 billion from the developing countries, double the figure for investments made in the same period. In 1969, the rate of profit on US\$3,300 million of private foreign investment in the developing countries was 16.4% as compared with only 4.3% on US\$2,100 million invested in the developed countries. In Latin America, the profit return was 16% in 1977. Return from investments in the Caribbean have been in excess of 20%. Profits received from Puerto Rico are more than from the European Common Market. Economist Philip Reno estimated in 1961 a rate of profit of 61% for bauxite operations in Guyana, Surinam and Jamaica -- a rate that "could well be among the most profitable United States investment structures in the world". In the industrial free zone of the Dominican Republic, the giant US-owned trans-national Gulf and Western made in 1971 a staggering net income of US\$55 million on net sales of \$1,560 million.
11. As a result of huge surpluses of agricultural commodities, the US government developed the soil bank scheme -- the payment of farmers for the withdrawal from cultivation of a certain portion of their cultivated land.
12. In the period from 1955 to 1976, the external debt of all developing countries rose from US\$8.7 billion to \$207 billion; by the end of 1979, it was about US\$335 billion, with about 60% due for repayment by 1982. Annual external debt payments were growing at the rate of 18.5%. Latin America's foreign debts increased from US\$19.5 billion in 1970 to \$100 billion in 1978 and debt repayments increased from \$2.5 billion to \$9.7 billion; outflow of debts, interest, profits and other payments to foreign capital totalled \$18.4 billion, or equivalent to 43% of export earnings as compared with only 15.5% in 1950.
13. The developing countries account for 97% of the capitalist world's overall deposits of manganese ore, 91.4% of its tin, 89.5% of its oil, 74% of its antimony, 67% of its nickel, and large quantities of other valuable minerals. Therefore, if any steps are taken by their governments towards economic independence states P. Gorakhov in his article "Neo-Colonialism in Imperialist Strategy Today", *International Affairs*, March 1980, p. 67, they are seen by foreign capital as a threat not only to profit-making, but also to the investor's country, which usually receives from developing countries various raw materials necessary for the normal functioning of its economy, the arms industry in particular.
14. Jeremy Taylor, "Point Lisas - Trinidad's billion dollar story", *Caribbean Contact*, December 1977, p. 9.
15. A Special Commission appointed by the Brazilian Congress disclosed that in 1968 foreign capital controlled 40% of the capital market of Brazil, 62% of its foreign trade, 82% of the maritime transport, 77% of the overseas airlines, 100% of motor vehicle production, 100% of tire production, more than 80% of the pharmaceutical industry, nearly 50% of the chemical industry, 59% of the machine production, 62% of auto parts factories, 48% of aluminum, and 90% of cement. According to the Commission, half the foreign capital comes from the United States; following the North American firms, in order of importance, are German, English, French and Swiss enterprises. By the end of 1978, the total sum of foreign capital investments amounted to US\$14 billion. The "Brazilian miracle" has faded. Growth rate of around 11 to 12% in the early 1970's has dropped to under 4%, and the economy is entering a sharp recession. Inflation is 82.4% with a budget deficit of US\$1 billion. By 1979, Brazil's foreign debt was \$50 million, while repayments and interest on them in 1978 was more than two-thirds of exports; in 1979, the position further deteriorated.
16. Alister McIntyre, just prior to his resignation as Secretary General of Caricom, stated:

"For all practical purposes, the region has over the past five years made little headway with diversification through the rapid growth of the basic productive sectors such as agriculture, and those parts of the manufacturing sector with a high local content.

"As a result of this, the bulk of new employment has been created in the traditional public sector. It is no great exaggeration to say that some Caribbean countries are substituting an enlarged bureaucracy for greater production.

"The answer to the problem of production should be sought not merely in the shortage of conventional inputs such as capital and skills, but also in the need to find new ways of motivating the West Indian people and of galvanising their energies towards greater development".

17. The British and French have joined the United States in its "carrot and club" policy. Britain has refused to sell two armoured vehicles to revolutionary Grenada, but is selling an armed patrol boat to Barbados. France is offering aid to Dominica and St. Lucia and has applied for observer status in Caricom. The French Minister for Overseas Departments charged that "international communism is on the march in the Caribbean and Cuba is the staging post for Soviet action", that Cuba is providing both financial and political aid to Martiniquean dissidents, that "Martinique will stay French whether it likes it or not", and "France is one of the rare countries which is capable of transporting to the Antilles and Guiana in 10 hours a division and a half of crack troops".
18. The position has further deteriorated. Enrique V. Iglesias, Executive Secretary of ECLA reported on December 21, 1979, that the "deficit on the current account of the balance of payments rose sharply for the second consecutive year, reaching the unprecedented figure of 20 billion dollars. . . Latin America's external indebtedness increased again very considerably. Finally, inflation accelerated in the majority of the countries, with the regional average increase in consumer prices rising from 41% in 1978 to 51% in the year which is coming to a close."
19. Earlier, Lenin had written: "It would be a radical mistake to think that the struggle for democracy was capable of diverting the proletariat from the socialist revolution or of hiding, overshadowing it, etc. On the contrary, in the same way as there can be no victorious socialism that does not practise full democracy, so the proletariat cannot prepare for its victory over the bourgeoisie without an all-round, consistent and revolutionary struggle for democracy". (Coll. Works, Vol. 22, p. 144).
20. About the activities of the CIA, Victor Marchetti and John D. Marks in *The CIA and the Cult of Intelligence* wrote (p. 23): "Years later, in a letter to the *Washington Post* correspondent Chalmers Roberts, Allen Dulles summed the prevailing attitude of the times. Referring to the CIA's coups in Iran and Guatemala, he wrote: 'Where there begins to be evidence that a country is slipping and communist takeover is threatened... we can't wait for an engraved invitation to come and give aid'."
21. St. Vincent Prime Minister appealed to the USA and UK for help to quell a rebellion in Union Island. Prime Minister Tom Adams of Barbados sent a police contingent after which he said: "Barbados' military assistance to St. Vincent ought to be regarded as a watershed in the region, because for the first time these islands have looked to one of their own for help.

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