

STRATEGY FOR ECONOMIC AND SOCIAL DEVELOPMENT

by Cheddi Jagan

Guyanese, like many others throughout the world are concerned about the explosive problem of unemployment and deteriorating living standards.

In the past, many panaceas had been prescribed. But these failed largely because they were not based on the realities of the situation, and because they did not get down to the roots of backwardness - poverty, disease, illiteracy and unemployment.

DEPENDENCY

The majority of the "third-world" countries of Asia, Africa and Latin America are largely tied by a "Gordian knot" in a colonial or neo-colonial political relationship with the developed capitalist states. This "dependency status" creates an unbalanced, distorted type of "development", integrated and geared not to the needs of the developing countries but to the imperialist states.

The result is progressive pauperization. The share of world income of "third-world" countries declined from 54% in 1800 to 42% in 1900 and only 18% in 1962.

This has come about because of:

- (1) foreign economic domination -- between 1950 and 1965, there was a net outflow of US\$16,000 million in profits from Asia, Africa and Latin America; since then, the drain has increased;
- (2) unequal international trade -- as a result of buying dear and selling cheap, "third-world" countries lost US\$4,000 million in 1960; this amount will increase to US\$24,000 million by 1975 and US\$30,000 million by 1980; their share of world trade declined from 27% in 1953 to 19.3% in 1966;
- (3) a local "clientele class" of political, bureaucratic and "comprador" capitalists who defend foreign rather than national interests and buttress foreign domination.

Any strategy for economic development and social transformation must therefore aim at the sawing of the "Gordian knot", at eliminating the status of dependency, at breaking up the economic, political and social structure.

FAILURE

Precisely because there was not an overall, macroscopic view, previous strategies failed.

The advocates of the Puerto Rican model of economic planning which was introduced in the 1950's in the Caribbean and ^{which} constituted the basis of our prematurely collapsed \$300 million 7-year plan (1966-72), did not see backwardness as a condition resulting from imperialist domination.

Rather, they viewed somewhat mechanically and simplistically development as dependent on the availability of capital. They saw the need for outside capital and advocated the creation of an investment climate. They did not concern themselves with the fact that foreign capital was so directed as to perpetuate the colonial economic structure which kept developing countries as raw material producers and markets for manufactured goods.

Nor did they see that the sum total of incentives offered to foreign capital (investors should be able to recover investments in 3-4 years) would result in the

same thing they sought to overcome; namely, the shortage of capital.

ECLA

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

Here again, emphasis was placed on foreign investment and foreign aid -- industrialization, it was felt, would require massive injection of ^{foreign} capital.

Industrialization greatly expanded. But it came more and more under foreign, mainly US domination. Instead of becoming a liberating force for the Latin American countries, industrialization further subjugated their economies and became integrated into the foreign economies. The vehicle through which this was achieved was the giant multinational corporations, which established branch-plants to assemble, package, tin or bottle, and/or ~~etc~~ relatively more labour-intensive factories, which had become prematurely obsolete through the scientific and technological revolution (automation and computers), ^{to produce} mainly for the internal ^{Latin American} market.

The main props of the ECLA model were import substitution and regional integration (Latin American Free Trade Association and Central American Common Market). Regional integration, it was argued, would provide larger markets and economies of scale. But this only facilitated the multinational corporations, and incidentally US imperialism to keep out its European competitors.

The ECLA strategy, like the Puerto Rican, has also failed. By 1970, despite the big ballyhoo about the Alliance for Progress, Latin American countries achieved a rate of growth of only 1.5%, far short of the limited goal of 2.5% ^{set} by the Alliance in 1961.

And problems have escalated. There are over 25 millions unemployed. And the gap between the rich and poor continues to widen even in the most industrialized like Mexico and Brazil. And because of rampaging inflation, (40% increase in cost of living in 1971, and 11% in January, 1972), a 48-hour general strike paralyzed Argentina in March, 1972.

These adverse conditions have come about because in every year after 1967, drain of super profits from investments in Latin America increased to over US\$1,000 million a year; share of world trade shrank from 11% to 5.1% between 1950 and 1968; and as a result of falling prices, foreign trade losses were over US\$500 million a year. Debt repayments (capital and interest) have also skyrocketed to over US\$500 million per year.

PARTNERSHIP

Because of the patent failure of the ECLA model and the explosive political situation in Latin America, the imperialist strategists devised the idea of "partnership" -- local people and governments buying shares in foreign companies, and local personnel, promoted to leading positions as managers and directors; thus, the creation of

new social class to buttress foreign domination.

The ECLA model with regional integration (CARIFTA), import substitution (bans on imports) and partnership (buying of shares in Bookers Stores, Diamond Liquors, Demerara Tobacco Company, etc and joint ventures with government participation) is being introduced in Guyana by the PNC regime and in Trinidad by the PNM regime. *But*

Besides, ~~But~~ it will fail in Guyana and the Caribbean as it has failed in Latin America. Today, capitalism-imperialism is in growing crisis -- economic, monetary, political - and the slowdown in its economy with increasing unemployment is bound to be reflected in an aggravation of the problems in the Caribbean and other "third-world" areas; as the saying goes, when the USA sneezes, Latin America catches a cold.

MARXIST

What is needed is a strategy based on a ^{Marxist} Leninist economic model, which is anti-imperialist, pro-democratic and pro-socialist in content and which includes the following:

- (1) Nationalization of the commanding heights of the economy - foreign-owned and controlled mines, plantations, factories, banks, insurance and foreign trade;
- (2) Expansion of the public sector; planned proportional development of the economy with simultaneous concentration on industry and agriculture rather than on infra-structure; transformation of the economy from primary to integrated production;
- (3) Foreign policy based on genuine non-alignment and meaningful relations -- cultural, aid, trade and scientific -- with the socialist world;
- (4) Emphasis on education to raise the cultural, ideological, scientific and technological levels of the people;
- (5) Land reform;
- (6) Rent, price and exchange controls;
- (7) Full democracy, workers control and involvement of the people at all levels.

These measures, like the various wheels inside a clock, are closely interlinked; they must be implemented simultaneously, and not taken ad hoc from time to time.

A correct planning strategy with progressive domestic policies must be linked to a progressive foreign policy. And corruption, nepotism and discrimination must be ended. Democratization of the Guyanese society will not only end these evils but also bring about voluntary and meaningful participation by all Guyanese in the exciting process of nation building.

co-ordinated

Instead of embarking on a/anti-imperialist programme, the puppets and apologists of imperialism resort to demogogy and sloganeering. They peddle half-truths, "split hairs," talk about agriculture instead of simultaneous development of industry and agriculture, and emphasize cooperatives, community development and self-help while the foreigners continue to own and control the commanding heights of the economy, ^{and} drain-out capital, and the nation is swallowed up in debts.

The time has come for the Guyanese people as a whole to grapple with the problems

of unemployment and deteriorating living conditions. Unless a radical course is taken, they will worsen. Anti-communist hysteria and fears must not be allowed to prevent the resolution of our problems on a national basis.

More and more non-communists are following the lead given by the communists. Genuine Christians like President Julius Nyerere, have adopted the Marxist-Leninist economic model because it is national and because it succeeded in the Soviet Union and China, and is succeeding in Cuba. Once backward areas which constitute the Central Asian republics of the USSR have been transformed. This strategy offers a way out of the widening gap, firstly, between the rich imperialist states and the poor developing countries; and secondly, between the rich and poor peoples in the capitalist and "third" world^S.

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