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Looking For The Way Forward By Cheddi Jagan

before the 1992 elections,

(This is an abridged version of a presentation made ~~on~~ by Dr. Cheddi Jagan as leader of the opposition during the Commonwealth Parliamentary Association Conference held in Guyana. This presentation is being published for the first time.)

Drugs - this is a very big problem. It is big business with hundred^s of billions of dollars behind it. We have to examine it from two angles: demand and supply. Recently, I heard that Ron Dellums, head of the Black Caucus in America, after a meeting with President Bush said to the Voice of America that we must not only look at the question of law enforcement and education, but we also have to see the social problems of the country - unemployment, broken marriages, cuts in welfare, homelessness, and increasing poverty. He insisted that these problems must be tackled or else frustration and hopelessness will lead to continued demands for illicit drugs.

Let us take the supply side. Our hemisphere, Latin America and the Caribbean, has intense poverty. A study done in 1980 showed that 8 per cent of the people at the top took 40 per cent of the national income, whereas 40 per cent of the people at the bottom had only 10 per cent of the national income.

A study of the period 1985-1995 by the UN Economic Commission of Latin America and the Caribbean showed that poverty will increase, unemployment will increase by nearly 50 per cent and the debt problem which was huge - US\$368 million in 1985 - will become US\$672 million by the end of the decade. More than that, they assumed that dismal prognosis on the basis of the growth rate of 7 per cent but the growth rate has only averaged 1 per cent.

If we take our own ~~Region~~^{Region}, the Caribbean, a group of "Wise Men" ~~were~~^{were} appointed a few years ago and they said the unemployment level was already 30 per cent and is likely to reach an explosive 40 per cent. We have to do something about it.

At one time in Latin America and the Caribbean- in the early part of this century- we not only produced our own food but we exported food. Now, we are importers of food. Although we are predominantly agricultural, we are importing food! Agriculture was destroyed. We have, for instance, in the CARICOM area, a food import bill of nearly US\$1 billion a year. Trinidad has exhausted its reserves largely by importing nearly \$800 million worth of food every year when that can be grown and produced in the country. And that is what we have to be looking at.

We, therefore, have to seriously study our food policy – mainly the agricultural sector. In the north, agriculture benefits from science and technology and is highly subsidized, whereas in our countries agricultural tools are mainly files, cutlasses and forks. Our people do not have the means. And now we are compounding that problem because we have to pay so much debt. We are borrowing money to pay debts, and because we don't have foreign exchange, we cannot bring the things which are necessary- spare parts for agricultural machinery or new equipment and therefore we are resorting to food aid from outside. That also helps to destroy agriculture because when you produce inefficiently at home, with cheap imports coming in, even the little agriculture that is there is being destroyed. So what is the result? The people start growing marijuana in Guyana. Today it is being grown everywhere because the overall policy is not conducive to developing agriculture, especially rice and sugar, our main crops.

I mentioned that in the North, agriculture is being subsidized. In our country more pressure is being put on farmers. In this year's budget there is a levy. This shows that we have our priorities wrong. We have to deal with these fundamental issues in a serious way and not look at them superficially.

How do I see a solution to this problem? As I said, we don't have the foreign exchange; we don't have the money to buy the spare parts, the machinery, the fertilizers, etc., and we are borrowing money to pay debts. We have to link this question to a better way of development and link it to the unprecedented arms race.

The debt problem is now such a huge problem that it is sometimes referred to as a time bomb which is likely to explode, bringing down the whole structure which ties up the north and south. To give some figures: the total third world debt is over US\$1,000 billion; for Latin America and the Caribbean it is \$415 billion; for the Caribbean alone it is roughly \$10 billion. (US)

It was suggested that if the arms expenditure of the world is cut by 12 per cent there can be enough money to pay the banks we owe. We should also link the debt issue with making our region, especially the Caribbean, a zone of peace. If that is done, we will start with a clean slate and have the money, (the foreign exchange especially, which is now going to pay debts), to modernize agriculture, to develop the economy, provide employment and give our people better social services – health, education, etc. We should stop taxing agriculture. In fact we should subsidize agriculture and let the sector grow so that we can stop importing all this food from abroad.

We have a big tourist industry in the Caribbean, but 75 per cent of the tourist dollar goes back outside to bring food in the Caribbean. We have to put a stop to all of that. Merchants are importing food when they should be importing other things which are necessary for the development of the economy.

We have to see the debt problem in a very comprehensive way in that it is both simultaneously the effect and the cause of the crisis which is facing the Third World. The effect: due to incorrect economic development strategies which had been imposed on the Third World. After the cold war started, the Puerto Rican model of development was proposed. That formed the basis for our first development plan from 1966-1972. That meant concentrating on infrastructure and creating an investment climate for foreigners to invest and bring about so-called “development”. What we had therefore, was money borrowed and spent on infrastructure to be paid in 15-20 years. We did not have a favorable capital output ratio, that is, the recovery of that money from infrastructure to pay back loans. Meanwhile, the foreigners who came want to recover their money in one

to three years and so we have investment of one dollar taking out from these countries roughly three to four dollars annually.

The net annual outflow from Latin America and the Caribbean, in the period 1981 to 1985, was \$36 billion in interest, principal and profits. Last year alone it was \$29 billion. We are in the unfortunate situation in the Third World now where we are borrowing, not for development, but to pay back interest. Meanwhile the principal keeps growing. And so we get into what is called 'a debt trap' where the aid donors, through their instruments, like the I.M.F and the World Bank, impose conditions, first economic and then political, ideological, cultural etc and even military. That is the problem.

The payment of the debt also becomes a cause of the crisis. For instance, in Guyana, by 1984 we were paying more in debt payments than the total revenue of the country. In that year, it exceeded the revenue. Therefore, what we had to do: we borrowed internally to meet expenditure and this meant that we had to pay interest on that and that created a budgetary problem. Thus the deficit keeps growing. And the adjustment strategy imposed by the I.M.F dictates that you have to solve the budget crisis by cutting spending on social services, wage freeze, wage restraint and cuts in subsidies, etc.

Therefore, what is the answer? I remember in 1979 when ~~our~~^{the} government refused to pay a \$14 a day minimum wage which they had agreed to with the TUC, based on the three year agreement. Our party then said: suspend the debt payments or pay only a part. The debt payment in that year was \$225 million and the payment of the \$14 minimum wage would have meant \$85 million. We paid the \$225 million and denied \$85 million to the ^{workers-}people. And thus the people who are the main factor in development become dissatisfied, they become alienated. They cannot live because ~~of~~ the cost of living keeps going up through taxation, more and more borrowing and devaluation, which is part of the strategy which is imposed by the IMF. For instance in Guyana, the wage now with a 20 per cent increase is about roughly \$30 a day. A medium size loaf of bread costs \$30. A pint of cooking oil is \$30, one pound of chicken or beef is around \$50 to \$60, How can people live? If people cannot live, they cannot produce.

The problems have to be solved in a radical, revolutionary way. So I would suggest that as a first step we must look at our development strategy. This is important because even if the debt is written off and we start with a clean slate, the absence of a proper development strategy will again get us into trouble. As the saying goes in our hemisphere **“when the United States sneezes, Latin America and the Caribbean get pneumonia”** This is true because of our dependent economy, depending on a few products.

In Guyana, as regards the economic model being pursued by the PNC government, we have a hybrid variety – bureaucratic state and parasitic capitalism and I.M.F aid will not help. It will only impose further burdens on the people. The PPP, therefore, has a global outlook and that is why we suggest a radical solution.

I would like to deal with this question by referring to this phrase which says **‘politics is concentrated economics’**. All of us today are grappling with economic problems. We have to look at this question in an interconnected and interacting way, that is, we have an economic base and we have ^{or} political, ideological, institutional and cultural superstructure. There must be a proper interconnection and interaction between the base and the superstructure if we are to make progress. At the political level there has been failure. Witness the Federation of the West Indies. At the economic level, there has also been failure. The Central American Common Market, which was modeled after the EEC has collapsed. The higher hopes of CARICOM have not been realized, and so now we are talking of a Caribbean Parliament.

I think in looking at this we have to see three models of regional integration - the socialist model of COMECON, the EEC model like CARICOM and the ANDEAN PACT. The differences between these are fundamental. COMECON is a socialist and the others are virtually free enterprise. The difference between the CARICOM model and the ANDEAN PACT is that in the first you have an open door to foreign capital, whereas in ^{the} ANDEAN PACT the premise ~~s~~ was that uncontrolled foreign capital does not necessarily

lead to progress and therefore there must be some limits. I think we need to learn lessons from those experiences.

At the ideological level in the Caribbean region we have three socio-economic models - socialist as in Cuba; In the P.P.P. government, the Grenada government under Maurice Bishop and the Nicaraguan Government we have a socialist-oriented or revolutionary democratic model. In Trinidad and in Guyana and the rest, I would say there is a free enterprise force although in Trinidad it was somewhat of a hybrid under Dr. Eric Williams' P.N.M Government. His projection was that the model would be neither Puerto Rican nor Cuban, but something in between. In Guyana the PNC baptized its ideology as co-operative socialism.

In this situation, therefore, I think it is necessary for us to have dialogue if we are to realize our aims and objectives. This must start, first and foremost, with the media. The media is not free in our area. Either big business is in control or there is domination from outside, that is, the press agencies from the capitalist world, and in some countries, it is state controlled. I, as a leader of the minority parties, cannot even get a letter published in the Guyana Chronicle when attacks are made against me. I cannot get on the state-owned radio. We must free up the media; we must have dialogue on the way forward. Of course, parliament will help in this direction because you will have the opportunity for dialogue, but what kind of parliament will it be? Will it be a parliament of government or a parliament of government and opposition forces? If it is a parliament of governments, like the Non-Aligned movement, for instance, or even the U.N one does not have the advantage of listening to the voice of the people. Governments in the Caribbean meet, along with a few institutions, to discuss important issues, but generally speaking the people are not involved in the process.

The President of Guyana said that Guyana supports the idea of a Caribbean Parliament. I am not opposed to the idea. Let me make my position clear. But I don't know that the President has consulted with the opposition or discussed it in the Guyana Parliament to make that decision.

The PPP has no disagreement with the having dialogue at whatever level. We think that the idea of a Caribbean Parliament is good so that the kind of preoccupation with our own insularity ~~and~~ can be broken down and we can sit together in a parliament and look at the matter from a regional perspective.

We would hope that this matter is given serious attention. We have to start out from a democratic base which assumes free and open debate. I was not only talking about the commitment of Guyana because we don't have that kind of commitment yet, although the President of Guyana made a statement. Democracy is fundamental to development and we want to know that if Guyana is going to take part in such a Caribbean Parliament that we should have a democratic decision on our participation. Who will participate will depend on the democratic decision of the Guyanese people. Otherwise, for us, it will be a waste of time.

This parliament of Guyana is not reflective of the will of the people and if in a similar way we are going to select who is going to represent Guyana abroad in a Caribbean Parliament, then for us it is just a waste of money. I say that because I have here a clipping from Barbados from the former leader of the opposition Mr. Henry Ford. The headline says: **'Wrong timing for Hoyte's Visit to Barbados'** and I quote:

"Perhaps it would have been better if the president had not been invited while things remain as they are in that unfortunate country".

Mr. Chairman, in your opening remarks, you made the point that military dictatorships will not be permitted in the Commonwealth Association. We are all wasting our time here if we cannot speak freely and say what is happening in our countries or in the Region. We are simply wasting time and we will be spending a lot of money and in the end nothing will come out of it. We are not here just to sling mud, but we have to deal with realities. I, personally, am interested in regional integration, whether economic and political. I favor that. I favor, also, complete and open dialogue. That is the point I want to make.

I feel, as parliamentarians, we should be open, we should learn. I referred to three economic models in the region – we should go to those countries, study what they are doing. We should take the best from the socialist countries, third world countries like those in the Andean Pact and what is beneficial from the first world. I believe a Parliament of the Caribbean would be fruitful once it is done in an open way, with complete freedom of dialogue and trying to find the way forward.

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