P.P.P. AND THE ROLE OF THE PRIVATE SECTOR

by Cheddi Jagan.

1. Guyana is in a deep and profound crisis. Every year the situation worsens. Not only the working class but also practically all sections of the Guyanese people are suffering.

2. The deep-seated crisis is due to the acts of omission and commission of the ruling PNC and the fact that our country had been tied economically, with nearly 98 per cent of our foreign trade, to the capitalist world.

World Capitalist System

3. The world capitalist system is in a state of profound general and structural crisis with grave contradictions, growing numbers of mergers and bankruptcies, inflation, a dismantling of the welfare state, cuts in welfare programmes, declining living standards and intolerable levels of unemployment.

4. Monopolisation is increasing in the developed capitalist states. In the USA, according to Time (4 March, 1985, p 22):

   Partly as a result of their burgeoning take-over attempts, mergers are occurring as never before. Some 45, each worth more than $1 billion, have taken place since 1981, compared with only a dozen in the twelve previous years combined.

5. Banking problems are growing in the biggest capitalist state, the USA. According to the International Herald Tribune (22 November, 1984) the numbers of U.S. banks in trouble were increasing - 389 on 1 January 1983, 642 on 1 January 1984, 721 on 1 August 1984 and 797 in November 1984. Says the paper: "A study by the accounting firm of Peat, Marwick, Mitchell & Co. predicts that the number of banks in the United States will shrink by a third to 10,000, as a result of competitions and mergers in the next five to seven years. The Washington Post reported Friday".

6. During the November, 1984 election campaign, the Reagan administration gave the impression that its policies were proving successful and there was an economic upturn. But there are no signs that the U.S. economy is coming out of the crisis.

7. What was witnessed in the last quarter of 1984 was only a phase of the cycle -- crisis, depression, living-up and upturn. The real gross national product (GNP) growth rate of 5.3% in the last quarter of 1984 dropped to 0.7% in the first quarter of 1985. And there are predictions of a recession in 1986.

8. The US statistics office, in a report published in August 1984, stated that 35 million Americans were living in 1983 below the official poverty line. The 35 million poor represent 15.2% of the US population. As compared with 1982, this meant an increase of 868,000 living in poverty.

9. According to a special commission on the problem of hunger in the United States, 1/3 of all people polled often go without food and in 20 per cent of all homes checked in New York and other cities, children are going without a meal in the evening.

10. Because of poverty, according to an official study by the US Census Bureau, 66,450,000 Americans, equivalent to 30% of the population live in households receiving some form of benefit -- food aid, medicaid, aid to families with dependent children, etc.

Growing Contradictions

12. These budget deficits have led to increased borrowing, a high interest rate policy and cuts in welfare programmes. High interest rates are compounding the problems of the developing and the developed Western European countries. And cuts of US $54.2 billion in health programmes — medicare and medicaid — will affect the poor. Further cuts will affect rent allowances and food programmes for the poor and children as well as educational and training programmes.

13. Following the cuts in the social programmes, a Congress research Department estimated that at least 500,000 people, including 320,000 children, fell below the poverty line.

14. Recently, the French communist leader, Georges Marchais, said that the USA, which dominated Latin America and the Caribbean, could not be a model for France. He cited the following:

- 35 million poor, 10 million more than in 1981; 2 million homeless; 4.5 million undernourished children, with 9 million existing on charities; one million children have to work, some of them starting at 7 years of age; tax cuts hit the poor and ease the rich; absence of a system of social security; paid hospitals and the rule of "king gold"; $172 million budget deficit; brazen racism towards particularly Blacks and Hispanics; policy of tension and confrontation; interference in internal affairs and outright intervention; support for brutal dictatorships.

15. Western Europe's economy has been stagnating with a high inflation (5.8%) and unemployment (11%) rate. Real GDP growth rates in 4th quarter in 1984 over 4th quarter in 1983 were: West Germany - 2.5%; France - 1.5%; Britain - 1.5%; Italy - 2.6%; West Europe (Britain, France, West Germany, Italy, Belgium, The Netherlands, Spain, Sweden, Switzerland) - 2.6%.

16. Contradictions have developed in the capitalist world. The Bonn Summit of the "Big Seven" ended up in a row. US policies, particularly monetary and high interest rate, are resented, especially by France.

World Socialist System

17. In contrast, an IFS story on a 31-page UN report, published in the Guyana Chronicle (29/5/84), stated that the "centrally-planned economies where the slowdown was never as deep as elsewhere, continued to record more rapid growth in material output than other groups of countries."

From 1971 to 1979, per capita real incomes of the CMEA countries increased by an average of 50 per cent, aggregate national income by 62 per cent and industrial production by more than 80 per cent. These indicators are double those of the advanced capitalist countries.

18. In the Soviet Union, real per capites increased by more than 50% in the 70's. The average annual increment of industrial output was over 4% in 1973-1980, as against 3% in 1960-62. For 1985, the growth rates are planned as follows: national income - 3.5%; industrial output - 3.5%; agricultural production - 6.7%; real per capita income - 3.5%; public consumption funds, which are used to finance free medical services, education, social maintenance, etc. - 5%.

Dependent/Distorted Capitalism

19. The crisis of the capitalist world is being exported to the "third world" Asian, African, Latin American and Caribbean countries through policies of unequal trading (buying cheap and selling dear), high interest rates and profits, tariff and non-tariff barriers, drain of capital, aid with strings, etc. These external, along with internal dependent capitalist, factors have compounded the problems of these countries.
20. The current political situation in Guyana is as follows:

i) the desire of the PNC to maintain the existing system of bureaucratic-state, cooperative and parasitic capitalism, which is deemed "cooperative socialism" or "cooperativism".

ii) the desire of the imperialists and other local reactionary forces to change the existing system to one of dependent/distorted free enterprise capitalism as in the vast majority of countries in Latin America and the Caribbean.

iii) the desire of the PPP to change the existing system to one of socialist orientation.

21. To revert from the existing form of capitalism to the dependent/distorted free enterprise type with de-nationalisation would be a retrograde step. Under the latter system, nearly seven-eights of the "third world" are in a crisis of severe magnitude, particularly with the "debt bomb". The Cuban and Nicaraguan revolutions, the national liberation armed-struggles in El Salvador and Guatemala, and the present crisis situation in Latin America and the Caribbean are the end result of the bankruptcy of this dependent/distorted form of capitalism and under-development.

22. Under the system of dependent capitalism, even the most "developed" countries like Mexico, Venezuela, Argentina, Chile and Brazil are, like Guyana, up to their necks in trouble and are facing colossal debt payment problems.

Brazilian Model

23. Brazil, regarded as one of the most industrialized countries in Latin America, is the best example of "developed under-development". In the late 1960's and early 1970's Brazil, with high growth rates, was praised as a model for the developing "third world" countries. But, as the Financial Times noted:

"at the end of 1971, there is legitimate room for doubt about the path to development chosen by the Brazilian authorities. Brazilian foreign indebtedness has risen astronomically and must by now exceed 6,000 million dollars, much of this in short-term funds, a burden even given the high levels of the reserves."

The paper added that despite the high growth rate of about 10 per cent of the Gross Domestic Product, the country's population had not benefited. "It is likely that five per cent of the population now control about 45 per cent of the personal wealth today as against some 37 per cent in 1964."

Business Week, a U.S. publication, on March 27, 1965, reported: "A big share of Brazil's wealth is believed to be in the hands of about 100 individuals or families in Rio de Janeiro, 150 to 200 in Sao Paulo and another 50 to 150 in other parts of the country. The list is roughly equivalent to a "Who's Who" of Brazilian society."

24. On top of the Brazilian economic pyramid is the domination of foreign capital. Time wrote that "foreign monopolies already controlled 50 per cent of the Brazilian industry". In September 1960, the Investigation Committee reached incredible conclusions: foreign capital controlled 40 per cent of the Brazilian capital market, 62 per cent of its foreign trade, 82 per cent of maritime transportation, 77 per cent of the international airlines, 100 per cent of motorized vehicles production, 100 per cent of tyre manufacturing 80 per cent of the drug industry, 50 per cent of chemicals manufacturing, 59 per cent of machinery manufacturing, 62 per cent of auto spare parts factories, 48 per cent of aluminum production and 90 per cent of cement production.

25. By unfair, sharp practices and underhand methods, the foreign monopolists succeeded in destroying many local Brazilian companies. The end result of foreign domination is the biggest foreign debt of 3103,000 million (US), an inflation rate of nearly 225 per cent
and widespread poverty. H.J. Maidenburg, writing in The New York Times (July 10, 1972) noted that -

"for the fifth consecutive year, the gross national product should exceed 10 per cent in net growth, keeping Brazil among the fastest developing countries in the world. There are other statistics, however, that are less pleasant. Minister of Finance, Antonia Delfim Neto noted recently that only 5 per cent of Brazil's estimated 100 million people benefitted from five years of unprecedented economic growth, 45 per cent actually had their living standard eroded, and the rest live as they did before the boom started."

The UN Economic Commission of Latin America showed that about 5 per cent of the gainfully employed population gets about 50 per cent of the national income.

26. In 1978, Delfim Neto, when referring to the unsuccessful "economic miracle" admitted that "the form of development we chose was to the detriment of the Brazilian nation.... In our analysis, the problem of the distribution of income was never considered and the increase in the concentration of income is one of the fundamental defects of the model,"6

27. The "Brazilian model" and IMF "medicine" led to hunger, unemployment and despair, leading to strikes, demonstrations, rioting and looting, and ultimately the removal of the military dictatorship.

28. Like Brazil, in Mexico too, foreign capital predominates in some key, if not strategic, sectors of the economy like food, automobile, pharmaceutical and chemical industries. While providing 18 per cent of total investment, the foreign companies were responsible, according to the Bank of Mexico, for 50 per cent of the deficit in Mexico's balance of payments.7

29. The situation in the rest of Latin America, with the exception of socialist Cuba and revolutionary-democratic Nicaragua, is about the same as in Brazil. The picture is alarming as follows:-

- out of a total 362 million inhabitants, 155 million Latin Americans cannot meet their basic needs, 100 million are under-fed, 36 million - including 15 million children - suffer from malnutrition;
- 36 million workers are jobless and this figure is rising;
- the overall average inflation rate is 53% per year;
- 27% of the population cannot read or write;
- 0% of owners possess 85% of arable land and there is only one tractor for every 140 hectares of cultivation;
- one child under 5 dies every 30 seconds without receiving any medical attention whatsoever; over 3 million children between the ages of 6 and 15 are forced by poverty to work in inhuman conditions of exploitation.8

In a report published in the Guyana Chronicle (9/2/05) it was disclosed that by 1990, some 35 million would be unemployed in Latin America, according to the U.N. Economic Commission of Latin America (ECLA); and that 90% of the Latin American workforce of the 1980's would be without work in 19 years time.

30. The desperate plight of the people is due to dependent capitalism and the vast outflow of financial resources from Latin America, especially since the early 1970's. For every dollar invested, about $3-$4 is extracted. At the beginning of the eighties, US monopolies transferred from Latin America some 83% of the profits acquired there. By 1982, the transfer of profits and the payment of external debts and interests cost the Latin American countries more than one third of their revenue obtained from exports.9
JAMAICA

31. The dependent/distorted capitalist system of Latin America has also proved a fiasco in the capitalist-oriented Caribbean, especially in Jamaica under the Scapa government. In early 1985, during the people's protests and demonstrations, nearly a dozen were killed by the armed forces. Against the background of reduced earnings and a price spiral, the President of the Jamaica Council of Churches, Rev. Raymond Coke, said in May 1985 that Jamaica was heading for "a serious problem in malnutrition, and if things continue at the present rate, Jamaica will become a country of extreme rich and extreme poor."

32. An Oxfam (leading British aid group) study of Jamaica, "Debt and Poverty," by Belinda Coote pointed to the "devastating effect on the poor" as a result of the economic policy measures demanded by the IMF in return for 5 loans granted since 1977. Unemployment at nearly 30 per cent and heading for 50 per cent by the end of 1985, warns the report, gives rise to "criminal activity as a means of survival." Shootouts with heavily-armed police killed some 300 civilians in 1984 alone. Ten percent of the income earners account for 65 per cent of all incomes, and the majority are very poor.

33. Roman Catholic Archbishop of Kingston, Samuel Carter, called for an emergency plan to feed needy persons in Jamaica. Principal Carmen Bartlow of Balmagie Primary confirmed that on the average 90 to 100 children were attending school without breakfast. Many parents do not send their children to school because they cannot find breakfast.

Socialist Cuba

34. In contrast, socialist Cuba, has made significant progress. Its attainments in the fields of education, health, and housing have gained international recognition. The Twentieth Century Fund, a US private foundation, in a study "The Alliance that lost its way," in November 1970 stated: "During most of the Alliance, US business interests have taken precedence over the US national interests in Latin America... Cuba has come close to some of the Alliance objectives more than most Alliance members." The Castro government, it added, had carried out more ambitious and nationally comprehensive programmes in education and public health than in the other Latin American countries.

35. Education is free. Illiteracy has been wiped out. In 1953, there were 3 universities; now there are 42. In 1961, there were 37 nurseries; now there are 33.

36. Dr. Halldan Mahler, Director of the World Health Organisation (WHO) spoke glowingly about medical care in Cuba. At a press conference in Cuba in August 1981, he said that the WHO's goal of "Health for all in the Year 2000" was already a reality in Cuba. "A single index, the infant mortality rate," he added, "is enough to attest to the extraordinary success of the work done in this respect."

37. A 14-page report released in New York in May 1965 by the UN Fund for Population Activities (UNFPA) noted that in the area of health, care is provided principally by fully qualified physicians, even at the primary level; that virtually 100 per cent of the children of primary and secondary school age attend school, approximately 400,000 workers and farmers receive formal instruction through the adult education system, and registration in universities, polytechnical institutes and other institutions of higher education has quadrupled in the last 11 years.

38. The UN study pointed out that Cuba had made substantial progress in balancing the development of urban and rural areas; further, that there has been extensive integration of women in the development process.

39. Professor Gunnar Myrdal, Nobel prize winner for economics and pioneer in research in economic development, described Cuba as an example of what an underdeveloped country can and should do to develop itself economically. In a press interview, after attending the 2nd Congress of the Association of Third World Economists in Havana in May, 1961,
he said:

Cuba is an outstanding success among underdeveloped countries. It is notable from an economic point of view, for it has carried out the greater part of transformation which I as an economist would recommend to developing countries. ... One thing which I think is very important: in Cuba there has been a true agrarian reform. Secondly, you devoted your attention to what I think is most vital — feeding the people, educating the people, including illiteracy, and public health. Moreover, you have got rid of unemployment. For these reasons, if anyone were to ask me, where there has been success in development, I would tell them to look at Cuba. Not that you don't have difficulties — you do, but what is special to Cuba is that you have coped with these problems in the most difficult circumstances that any underdeveloped country has had to face, including the terrible US economic blockade, which has lasted for more than 20 years.¹⁴

Socialist Orientation

40. The PPP believes that the only long-term goal for Guyana is socialism. In the immediate short term, the way forward must be a socialist-oriented, not a capitalist-oriented, course.

41. To proceed on a socialist-oriented course, it is necessary to have the existing bureaucratic-authoritarian state replaced by a democratic state. The PPP has repeatedly stated that the economic and social crisis cannot be solved without a solution to the political crisis.

42. A democratic republic, however, can be either bourgeois-democratic, revolutionary-democratic, people's democratic or socialist-democratic. Neither in the developed nor in the developing ("third world") countries have bourgeois-democratic states succeeded in achieving social progress. In Latin America, bourgeois-democratic governments have alternated with authoritarian/dictatorial regimes, but neither has succeeded in solving the problems of the people.

43. The PPP believes that what is needed in Guyana is a people's revolutionary democracy. In its Political Programme, For Socialism In Guyana, the PPP stated:

The Guyanese revolution must be democratic. Democracy is essential for mass mobilization in defense of independence, sovereignty and territorial integrity and for building the foundations of socialism. As V.I. Lenin pointed out: "Whoever wants to reach socialism by any other path than that of political democracy, will inevitably arrive at conclusions that are absurd and reactionary both in the economic and the political sense." To lay the basis for the establishment of socialist democracy, a state of people's revolutionary-democracy must be established which will transcend bourgeois democracy and its degeneration into a disguised one-party authoritarian dictatorship, where "the aim of the state becomes private aim, in the form of a race for higher posts, of careerism," and effective working people's control is minimal or non-existent...

A people's revolutionary democracy is a form of administration diverting from bourgeois democracy towards socialist democracy. Its mission is to pave the way for bypassing the stage of capitalist development. It is a revolutionary anti-imperialist and anti-feudal state of the working people aimed at the transfer of the revolution by several stages to socialist revolution.

44. A people's revolutionary democracy with a socialist-oriented course of development will represent the interests of the workers, farmers, radical intelligentsia, small businessmen and patriotic capitalists.

45. The theoretical/programmatic framework for socialist orientation was laid down by the Soviet scholar, Rostislav Ulyanovsky. In his book, National Liberation, he wrote:

The task of a socialist-oriented national-democratic state is to find a correct proportion between the state and private sectors and ensure the
effectivity of the socialised enterprises and the economic system as a whole, and not to abolish the private sector within the shortest possible period of time. To a considerable extent it is this contradiction between the economic and political interests that defines non-capitalist development. On the one hand, socialist orientation calls for the consolidation of the positions of the working people, the weakening of the influence of the bourgeois elements and an ever more consistent introduction of socialist elements and conceptions into all spheres of human activity. On the other hand, the interests of economic growth call for a long-term utilisation of the private sector, naturally, subject to certain restrictions and state control.  

46. In such a state with multi-class rule, the role of the communists and revolutionary democrats is to ensure that the state continues in a socialist-oriented direction. The role of the small businessmen and the patriotic capitalists is to lend their considerable experience for the development of a healthy economy.

Private Sector

47. As regards the role of private entrepreneurs in the process of socialist construction, I wish to relate my personal experience in the German Democratic Republic (GDR). In mid-1970's, I requested a visit to a factory which I was jointly-owned by 3 partners -- 1/3 state, 2/3 private (2 individuals, a man and a woman). It employed about 100 persons who were engaged in making from steel sheets various items. On entering the factory gate, I saw a sign in German. My interpreter told me that it meant "For Peace and Socialism". After exchanging greetings with the manager, my first question was: how is it you are a one-third owner of this factory and you have a sign favouring socialism? His reply was: it's very simple; if I was in West Germany, I would have been a small businessman either bought out or driven bankrupt (this was in reference to increasing bankruptcies, takeovers and mergers). Here in the GDR, I am happy. As a one-third owner and also manager, I am doing what I like to do and have no problems. I get twice the salary of the average worker as a manager and 1/3 of the profits as a shareholder; and that's enough, as here in socialist GDR, basic necessities of life are subsidised and cheap. My two children are employed by the state, one as an engineer and the other as an agronomist; they had received free education from the socialist state.

48. This is a good example of a patriotic capitalist who is not "driven to the wall" as under state-monopoly capitalism in the West, but becomes an integral part of a new socialist society.

49. PPP Executive Committee member Clement Rohee, in his article "Socialism and Local Business", (Mirror 26/2/84 and PPP booklet Guyana: A Bed Of Thorns, p 32) has related the role of private enterprise particularly in the GDR and Hungary.

50. Maurice Bishop's party, the New Jewel Movement, and his government, which were attacked by the Reagan administration as totalitarian and inimical to the interests of the Grenadian people, had succeeded in bringing together all sections of the people, including the business community. A businessman, Mr. Ramdhanie, was Minister of Trade and Industry. Consequently, significant progress was made, as was attested to by the World Bank, which by no means sympathises with revolutionary change, socialist-orientation or socialism.

51. The PPP recognises a significant role for the private sector. Its 21st Congress (1982) Report, Strengthen the Party, Defend the Masses, Liberate Guyana, stated:

Small businessmen and capitalists are also terribly frustrated. They are plagued with innumerable difficulties. And even their lives are in danger with the increases in violent crime.
52. Local businessmen under the PNC regime suffer from routine "hold-up" demands for money for PNC coffers, daily hassles and frustrations, and unfair treatment with preference given to KSI, TSIM, WRSIM and other PNC business ventures. This was definitely not the position under the PPP government. Many businesses, for instance the Banks Brewery, the Continental paint factory, the Chipboard factory, were given active support when we were in government. We had also set up an Advisory Industrial Development Committee which was headed by businessmen.16

53. In our programme "Guyana's Road to Socialism", we stated that the PPP will:

Recognise the existence of a private (free enterprise) sector which is complementary to the main state and co-operative sectors and is beneficial to national construction and the people's welfare, and give due consideration to the interests of small traders, small manufacturers and handi-craftsmen.

Our 21st Congress Report (1982) also stated: "Our position must be frankly and clearly stated. We believe that foreign trade must be under the control of the state. Local trading must be tri-sectoral - state, co-operative and private - and definitely not under the ruling party exercising a monopoly as under the PNC. We favour local businessmen as manufacturers in preference to commercial agents of foreign manufacturing companies. We make a clear distinction between local entrepreneurs and foreign private capitalists, especially the transnational corporations, and favour the local patriotic capitalists".

"Our message to local businessmen must be clear and precise. Their assistance with their expertise and assets is necessary for the development of the economy and the building of our nation. At the same time, they must join with us to ensure that Guyana does not take a dependent capitalist course under foreign transnational control. This will be neither in their interest nor in the interest of our people and country."

A good example of PPP/private sector cooperation was in relation to the Wieting and Richter Oil Mill and Maharajah Oil Mill. Under the PPP government these two companies operated as contractors of the state — the state provided the copra to the mills and the mills produced and delivered the refined edible oil to the government at a fixed price. This price was calculated on the basis of the price of copra and other inputs, fair wages to the workers and a reasonable profit. Under the PNC regime, these two factories have closed down.

We wish to make clear that our ideology Marxism-Leninism is not a dogma but a guide to action. This was pointed out by Professor Petko Petkov in an article, "Georgi Dimitrov On The Transition From Capitalism To Socialism In Bulgaria". He stated:

He taught the Bulgarian communists to adopt a creative and not a dogmatic approach to the mastering of Marxism, to look at it as a guide for action. All this will help us in correctly solving the question of passing over from capitalism to socialism, in conformity with the concrete circumstances in our country, in conformity with its economic, cultural, national and historical peculiarities. Once we master the core of Marxist-Leninist theory, it will serve us as a guide for action, rather than as a recipe valid for all countries, times and conditions. There is not and there cannot be such a recipe.

About the transnational monopolies, Georgi Dimitrov said that "we would not allow their cartels and concerns to dictate their will to us and that we would rely on nothing but our own labour, we will pinch and scrape in order to meet our needs without foreign capital. We shall be independent and shall not sell our national interests for a mess of porridge."
The Secretary of the Central Committee of the Bulgarian Workers' Party Treicho Kostov stated that there were 2 groups of capitalists — patriotic and non-patriotic. The latter wanted to maintain close links with, and foster domination of the economy by, the foreign monopolists. As regards the latter, he stressed:

"The more patriotic industrialists and tradesmen there are, the easier it will be for us to cope with the economic hardships in the field of industry and trade."

In the early period of the development of the Soviet socialist state, concessions were also granted to entrepreneurs under the New Economic Policy (NEP). In that period, Lenin observed: "Isn't it paradoxical that private capital should be helping socialism? Not at all. It is indeed, an irrefutable economic fact."

In an article "Economics and Politics: Lenin's Approach" Evgeny Ambartsumov wrote: "Thanks to NEP the socialist state saved material, financial and, for that matter, manpower resources to develop key industries. The private sector might have gained in strength from time to time, but it paid taxes to the state, which could be used also to meet pressing needs. Last but not least, the private sector often responded more promptly and flexibly than the state sector to the consumers' requirements, which ultimately, was in the interests of society."
References and Notes

2. Ibid.
3. Ibid.
9. Ibid.
10. For a further elaboration of the system of dependent/distorted capitalism in Latin America, see p 28 of PFP booklet, *Unmasking the Enemies of the Guyanese People*. See also pp 9-12 of PFP booklet *The Road To National Unity* for description of dependent capitalism and the need for a policy of anti-imperialism.