

## *The Restructuring of a Post-Colonial Economy*

ONE cannot, in the course of a chapter, attempt a major analysis of Jamaican economic problems either in isolation or in relation to the general Third World condition. Instead, I will try to identify some of the major problems which we have inherited, and to indicate some fundamental objectives along with strategic priorities, if these objectives are to be accomplished. Again, my purpose is to deal with categories and concepts rather than specific issues.

Discussion of an economy and its development is only meaningful if it takes place in the context of defined objectives. Before attempting an analysis of Jamaican economic problems and strategies, I should like to suggest therefore a set of economic objectives as being fundamental to the building of a just society. The five basic considerations in the analysis of an economy are:

- i The growth of the economy
- ii the distribution of wealth
- iii the ownership of resources
- iv the control of resources
- v the utilization of resources.

I will consider them in the context of the view that, where the commitment is to social justice, economic activity must serve the needs and interests of the whole social group. In addition, these factors are all subject to the first objective of a just society which is to ensure that every family has the capacity to feed, clothe and house itself which in turn implies that each family has access to remunerative employment which is capable of providing these things. Food, clothing and shelter are the cornerstones upon which the economics of social justice must rest.

When one talks of the 'growth' of an economy, one refers to the rate at which it increases its output of goods and services. Human ambition being what it is, it is obviously important to maintain a substantial rate of growth since increases in an individual's standard of living tend to whet the appetite for more. Where, in addition to the phenomenon of escalating consumer appetite, one can add genuine problems of poverty and a rising population, the rate of economic growth becomes critical.

However, the growth of an economy can be meaningless in terms of a just society if the distribution of wealth is not equitable. A common feature of societies embarking upon the post-colonial adventure has been gross maldistribution of wealth. Obviously, then, equitable distribution of wealth is a precondition of social justice in any country and takes on a peculiar urgency in most post-colonial societies and certainly in Jamaica.

It is impossible to modify the distribution of wealth without considering the ownership of resources. Where the means of production are concentrated in a few hands, it is inevitable that wealth will tend to accumulate in those hands at the expense of the rest of the population. In addition, both the rate and the character of economic growth will be affected by the ingenuity, energy and sense of public responsibility of the few who own, bearing in mind that these qualities decline in direct proportion to the length of undisturbed possession. Thus, all oligarchies tend to become less productive and socially relevant as time passes.

Any analysis of the ownership of resources must bear in mind the distinction between ownership and control. Resources may be widely or narrowly owned. They may be concentrated predominantly in a few local or foreign hands. Ownership may have a predominantly family, co-operative or corporate character. However, whatever the pattern of ownership may be, there remains a separate and vital question of how resources are controlled. A minor illustration of this important distinction can be provided by a comparison of the influence upon a company's policy of shareholders on the one hand, and a managing director and his team of technocrats, on the other. Shareholders may own, but technocrats control. At a far more fundamental level however, we must consider the question of whether economic policy is consistent with defined and articulated national goals. Since

economic policy and performance are substantially influenced by the separate behaviour of the various productive, trading and other units of the total economy, the question of broad, public control is critical if these policies are to form part of a coherently orchestrated national effort.

The purpose of controlling the use of resources is to ensure their optimum utilization. Where resources are efficiently and imaginatively used growth rates will be maximized. Hence, economic efficiency is a function of resource utilization. Equally, social justice is itself affected by this question. At its most fundamental level, resource utilization is the foundation of social justice. The most important resource in any society is its people. Those same people represent the purpose behind the organization of social justice. Therefore, if a part of the people are unemployed we are both under-utilizing the nation's basic resource and denying the possibility of social justice.

To summarize, then, the Jamaican economy must grow and distribute its proceeds equitably. To do this its system of ownership must be consistent with national objectives and its resources must be controlled to ensure that they are used to the full and in a manner consistent with social justice.

#### 1945-1972 - AN ASSESSMENT

To understand many of today's economic dilemmas one must begin with a broad assessment of Jamaica's economic situation as it existed in 1945. After some three hundred years of British rule and more than one hundred years out of slavery, Jamaican society displayed eight basic characteristics. Most of these features are to be found in other post-colonial societies and each represents a challenge to be overcome, or at least mitigated, if a just and efficient society is to be achieved.

*Export-Import Orientation* Perhaps the most characteristic of all the common features of colonial economies is the tendency towards export-import orientation. By this we mean that the total of exports and imports occupy a disproportionately large share of the total economy. By comparison, goods and services produced locally for local consumption make up a comparatively

small share of the economy. The reasons for this are well understood. Colonial territories were developed to supply raw materials, or, at best, partially processed goods and to act as a market for the sophisticated manufactured exports of the metropolitan powers.

A good example of the extent to which colonial Jamaica was developed in response to its trading patterns with the United Kingdom is to be found in the administrative structure under which the island was governed. The island was divided into fourteen parishes, many of which had a port which existed for the sole purpose of exporting local agricultural products to the United Kingdom and as the point at which British manufactured goods were received. Historians have remarked that the parish capitals which were based on these ports, often had more in common with London than with Kingston, so great was the metropolitan orientation of the economy, the political system and, indeed, the entire society.

Local production for local use was actively discouraged since production of this sort could only take place at the expense of metropolitan exports. In Jamaica's case our exports, even as late as 1945 were exclusively agricultural, consisting of semi-processed sugar, bananas, together with lesser crops such as citrus, coffee, cocoa and pimento. It was a minor but typical irony of our situation that we shipped crude sugar and coffee beans to England where both were processed and re-exported to Jamaica. This pattern had two inevitable consequences. First, it meant that Jamaica like all other post-colonial countries was at the mercy of the adverse movement in the terms of trade between primary producing and manufacturing countries. Historically the prices for primary products such as sugar, bananas and the like tend to be unstable but show no general tendency to rise through time. On the contrary, the prices for manufactured goods tend to be stable within the context of a general upward trend. In consequence, as the generations passed, it took more and more sugar to buy a tractor, a turbine or a motor car. However, the limits imposed by geography on economic acreages that cannot be used to produce sugar, bananas and the like make it impossible to produce more and more sugar. Thus, economies like Jamaica's are trapped in a vicious circle unless they find the means to break out of the pattern which they have inherited.

The second consequence that is inherent in this situation is that of growing unemployment. Granted reasonably full utilization of economic acreages for export agriculture, one can assume at best a constant labour force. It is more likely, however, that there will be a dwindling labour force as producers turn to sophisticated technology in their battle with rising costs and stagnant prices. In this regard the vicious circle can be illustrated with this example. A sugar producer has to import his fertilizers and tractors. As time passes both cost him more. But the country to which he sells the sugar does not pay him more, so he imports a new piece of labour-saving equipment to try to hold the line on costs. This displaces labour. In due course he has to replace the labour-saving machine, but discovers that he cannot finance the purchase out of his depreciation fund, because the price has soared. So he borrows money to purchase not only the replacement but a further piece of labour-saving equipment. This displaces even more labour. And so the disastrous spiral continues. Where the rest of the economy reflects no dynamic growth, unemployment will rise, not only as consequence of population growth, but reflecting absolute displacement of labour, as well.

*The Trader Mentality* The natural concomitant of the export-import orientation pattern is the trader mentality. Custom and habit are polite terms for the unconscious brainwashing of the historical process. For three centuries, the economic horizons of the Jamaican were bounded by the production of basic crops for export, on the one hand, and the importation of the total range of consumer goods, on the other. To this could be added an interest in the professions such as law, medicine and the Civil Service. The peasant farmer struggling to make a living by coaxing marginal hillside land to produce root crops complete the picture.

The trader mentality has had a number of consequences. Partly it is a consequence of colonialism; and partly it has itself contributed to the psychological and economic deformities which are associated with the colonial experience. In fact, when one considers the general effect of colonialism and the specific effect of the trader mentality, one sees an example of a major historical force creating a minor phenomenon which in turn helps to

perpetuate the efforts of the major force. It is like a variant of the hen and egg theme.

Of course, the most obvious consequence of the trader mentality is that it limits economic activity to the business of distributing imported goods. This places a severe limit on the capacity of the economy to provide jobs and means, in effect, that we are importing other peoples' productive labour. Also, as is the case with export agriculture, the employment potential in the distribution of imported goods tends to be static since one salesman can take an order for two dozen shirts just as effectively as he can for one dozen. Equally, it may take a very large increase in demand before a merchant needs additional delivery trucks, employing extra drivers and sidemen.

*Lack of Confidence* Colonialism and the trader mentality have had a number of other, perhaps less obvious, but just as debilitating consequences which we must examine. We have already seen, and indeed much has been written about, the extent to which colonialism undermined the confidence of subject people. This was no less true in the economic field. The trader mentality may have begun as the logical response to a single avenue of opportunity. In the end, however, it became a conditioned reflex. By 1945 it occurred to very few Jamaicans that they were capable of producing for themselves. The entire entrepreneurial class was, with a few notable exceptions, in the grip of a paralysis of attitude. As a group, businessmen lacked the will, the inclination and, I suspect, the confidence to tackle simple productive tasks which would satisfy their own needs and engage our resources. This crisis of confidence went even further. It was reflected in the assumption that we were incapable of working out our own solutions to our problems. As a consequence, we tended to revere the foreign expert, not in any rational recognition of his particular expertise, but rather in the manner of a tribesman expecting the witch doctor to produce a miracle. Bound up with this exaggerated faith in metropolitan performance was an assumption that even if we did produce something locally, it would necessarily be of inferior quality. This latter characteristic persists even to the present where foreign goods represent for consumers a sort of status symbol irrespective of rational comparisons of actual price and quality.

A taste for conspicuous consumption is one of the subtler consequences of colonialism, the trader mentality and the general disconnection from responsibility. It is not easy to analyse the precise roots of the frame of mind which this term seeks to describe. It manifests itself in a tendency to spend without regard to one's capacity to pay; more particularly to buy more rather than less expensive goods with an equal disregard for consequences and, finally, in an almost total disregard of the importance of savings.

This pattern reflects, in the first place, a general state of mind. Self-restraint is learned as much through continuing exposure to responsibility as through experience of the consequences of irresponsibility. If an entire people are disconnected from responsibility, it is unlikely that they will show a marked capacity for self-restraint. To this general psychological background must be added the effect of exposure to the consumer patterns of metropolitan countries with their far more advanced economies and higher standards of living. Part of the indoctrination of colonialism led to the assumption of superior metropolitan values. The consumer patterns of an advanced economy would appear, therefore, to represent a higher order of experience to be emulated at all costs. When one adds the force of supposedly superior example to a general disconnection from the experience of responsibility, it is not too difficult to imagine how the pattern of conspicuous consumption took hold in a country like Jamaica, nor that it should rest upon so fragile an economic base. Obviously, the most disastrous practical consequence of conspicuous consumption is to be found in its effect upon savings. The propensity to save is low, and so the ability to finance our own productive efforts suffers.

*The Absence of Linkages* This brings us to yet another element in the vicious circle. In an export-import oriented economy that is marked by the trader mentality, coupled with a lack of entrepreneurial confidence and a low propensity to save, it is inevitable that our economy should reflect a striking absence of linkages. By linkages I mean industries that exist for the simple reason that another industry exists. For example, the full utilization of by-product possibilities represent linkages. Since Jamaica grows sugar cane we should not only make raw sugar but should

also make refined sugar, confectionery, molasses, rum, citric acid, bagasse board and the like. These are all by-products. Equally, industries that exist to provide the means of packaging or transporting a produce represent linkages. Hence, bags for raw sugar, containers for refined sugar, bottles for rum and so on all represent further economic activity that attaches to those products that flow directly from sugar cane itself. In 1945 the Jamaican economy had virtually no linked industries. This was partly because the linked industries were the preserve of the metropolitan power; and partly because in the atmosphere of colonialism it was not easy to come by the will and the resources to tackle these jobs for oneself. Hence, our sugar cane, to take one example, led to almost as many employment opportunities abroad as it created at home.

*Poverty and Value Added* It is an economic truism that the further one proceeds along the productive process, the greater is the 'value added' and, hence, the greater the wealth accruing to the supplier of the process. If one traces, for example, the 'value added' at the various stages of the sugar process one finds that it is lowest at the point of reaping the cane and milling to the stage of raw sugar. It is highest at the level of refined sugar, confectionery and the final blending of rum. The same is true as we trace the development of aluminium ingot through its bauxite mining and alumina stages. Obviously then since colonial economies were condemned to the first, or at best the first two stages of production it was inevitable that they were equally condemned to the poorest section of the economic process. When one adds this factor to the factors of export-import orientation and the failure to develop linkages and bear particularly in mind the problems of the terms of trade, one can perceive the basic anatomy of the problem of rich and poor nations. One can also see how important foreign policy is to the economic development of a young nation.

*Foreign Capital and Foreign Technology* Jamaica is a small island which does not possess great unexplored frontiers in terms of undeveloped land and untapped mineral resources. We have copper but not in deposits which are capable of economic exploitation at this moment in the history of copper technology

and marketing. The same is true of iron and there is not, as yet, any sign of oil. Therefore Jamaica must assess the claims of political sovereignty and national independence against the background of economic reality. Without these natural physical advantages and with heavy unemployment, Jamaican economic strategy leaves little room for expansive romanticism. For us, survival and progress are matters of margins. We need foreign capital and we need foreign technology. These must be harnessed to our needs with the greatest skill and ingenuity.

Our great problem is to find the proper balance and mix between foreign capital already in Jamaica, the new capital that we need and the institutions of control and systems of ownership which can ensure that economic development is consistent with national objectives.

In the light of the basic economic problems that we have been discussing, it is hardly surprising that Jamaicans in 1945 should have looked almost exclusively to foreign capital and technology to supply the answers to poverty and unemployment. With savings and self-confidence both minimal, unemployment rampant and poverty viewed from the perspective of a growing awareness of metropolitan standards of living, it seemed that something had to be done and quickly. Foreign capital and the foreign expert loomed as the two critical elements of a *deus ex machina* that seemed perfectly suited to the problem. Nor did it seem at the time that there was any inherent contradiction between the quest for political independence and the increasing foreign economic domination that would result from this strategy. Indeed, it may well be that the excitement of the political quest served to obscure the inner economic reality. This strategy must, however, be at least partly judged in context. Already in 1945 much of the Jamaican economy was in foreign ownership with the United Fruit Company of America and Tate and Lyle of Britain, only two major examples of a substantial metropolitan economic presence. Two obvious consequences of this state of affairs were the substantial proportion of profits that were exported and the number of economic decisions taken in foreign board rooms which were neither sensitive to nor particularly concerned with Jamaica's problems and needs. An increasing dependence on uncontrolled foreign capital, therefore, could only serve to exacerbate both problems.

*Irrelevant Education* An important characteristic which we may mention arises in the general field of education. The total educational performance was such as to ensure that the population lacked the basic skills with which to effect the transformation of the economy. The sons of planters and merchants either idled through school safe in the knowledge that they would have the right to do as bad a job as their fathers on the plantation or in the company's store; or if they were of a more serious turn of mind, prepared for careers in one of the professions. The rest of the population fell into one of two categories. Either they received an education that prepared them for the simple arithmetic that would fit them for a sales counter; or, even worse, emerged from the process barely able to read and write. If we total the skills of an indifferent planter, a lazy merchant, a sales clerk and a semi-literate manual worker, it is unlikely that we will find the kind of expertise that can modernize an economy. This explains a paradox of Jamaican history. Great skill in the fields of medicine, the law, politics and even the arts has been demonstrated at the same time as a comparatively weak performance in the area of sophisticated economic growth.

*The Gap between Rich and Poor* The final characteristic which we must note is a consequence of the distribution of wealth. As a consequence of its economic structure and educational system Jamaica consisted of three almost self-contained societies in 1945. There were the merchants and planters, the first of which had substantial assets and income and the latter substantial assets and uncertain income. Then there were the professionals who had income but no assets; and finally there were the workers and peasants the first of whom had a little income with no assets and the second, little assets with virtually no income. The gap between the first two groups and the last represented an affront to social conscience.

The period from 1945 to 1972 witnessed the attainment of representative government followed by full internal self-government in 1959 and full independence in 1962. During this period the basic model for economic thinkers and planners was to be found in the Puerto Rican experience. Strenuous efforts, including various kinds of incentives were made to attract foreign capital, both in the areas of import substitution and manufactured

exports. Later these inducements were spread to include local capital. The bauxite industry was developed on the basis of total foreign ownership redressed by special taxes and comparatively high wages. Special diplomatic efforts were directed towards price supports for our export crops and various devices were employed to funnel financial support to farmers of various sizes. The institutions of a modern economy such as a central bank, industrial and agricultural development corporations and agricultural marketing corporations and the like were created. However, this remarkable flurry of effort did not substantially affect the main problems of 1945 which were massive unemployment and the serious maldistribution of wealth. In fact, both unemployment and the gap between the rich and poor increased during the period.

It might be worthwhile to pause here and consider the eight characteristics which have just been discussed as they were affected by the effort between 1945 and 1972.

Twenty-seven years can seem like a long time to those who live through them and particularly to those who are understandably impatient for change. However, in the broad sweep of history it is a very short time indeed. One's view of the degree of transformation to be observed in the period will be substantially affected by whether one judges purely in terms of concern for change or from the posture of a detached observation of the historical process.

In the matter of the export-import orientation one can observe a considerable growth in the range of internal economic activity. At the same time I was constrained to observe in a speech in 1969 that between the years of 1958 and 1968 the percentage of the gross domestic product represented by imports had actually increased from 32.7 per cent to 42.9 per cent, while exports rose from 21.9 per cent to 25.1 per cent. During this period considerable progress was made in the manufacturing sector. The annual value of locally produced manufactured goods rose from \$55.8 million in 1959 to \$115.3 million in 1968. Nonetheless the basic problem remained as is shown by the first set of figures.

Similarly, the struggle to free ourselves of the trader mentality has met with mixed success. The burgeoning manufacturing sector is eloquent testimony to a certain degree of success. How-

ever, as of 1972 the mercantile community had still largely failed to come to grips with contemporary opportunity. For example, there were by that date few firms which had begun to experiment with backward integration, the process by which a trader begins to produce for himself the things that he sells. A striking example of our continuing susceptibility to the trader mentality is to be found in the relations between cloth merchants and the local textile factory. A textile factory designed primarily for basic cotton fabrics was established at the start of the 1950s. In the ensuing twenty years it had an indifferent record of performance requiring constant doses of protection by government regulation to survive. In all this period that section of the mercantile community that traditionally retailed cloth, complained bitterly and incessantly about the mill. They could always give a masterly analysis of the various shortcomings that could be observed in the mill's operations. Yet throughout the period it never occurred to any of them to propose a take-over of the mill and its reorganization. Indeed when asked this question by me in the form of a challenge in 1972, one half of a representative gathering of cloth merchants thought that my suggestion that they take over the mill and run it to their suit was a joke in dubious taste. The rest looked merely uncomprehending and gave no sign of being amused.

Insofar as confidence is concerned the picture is equally mixed. A young generation of businessmen and executives has emerged in the economy which displays great energy and entrepreneurial skill. However, the sections of the economy which remain under traditional management have been singularly unenterprising and timid. This is particularly true of that huge area of the economy which is still devoted to our traditional export crops. Equally, as I remarked earlier, sales opportunities for local production are still inhibited by a lingering consumer inferiority complex which assumes the superiority of the most shoddy foreign goods.

The field of linkages is one of the weakest aspects of economic development over the period. Perhaps more than anything else this explains the fact of our continuing over-dependence on the export-import pattern. The truth is that development in the manufacturing sector has been considerable but haphazard. No systematic and planned exploration of linkage possibilities has taken place with the result that opportunities go a-begging until

someone happens to stumble across them. This is partially, I suspect, the result of a failure to understand the processes of economic development adequately which, in turn, has led to chronic failures of planning.

Obviously, where linkage possibilities are unexplored the problem of having too much of the economy concentrated at the lower ends of the 'value added' scale is bound to continue. Naturally there has been progress in this area as can be shown by the development of our own sugar refinery during the period and the increasing development of alumina production, particularly in the decade of the sixties. By and large, however, we have fallen short of our opportunities in this regard. In fact, as recently as 1970 we witnessed the spectacle of selling our coffee unprocessed to Japan thereby risking the destruction of the famous Blue Mountain brand name. This was entirely due to lack of energy and initiative to embark upon a hard-hitting sales programme to promote our Blue Mountain coffee attractively packaged as a special item which people would feel privileged to purchase. The difference between these two approaches, allied to the fact that we took one rather than the other, tells a considerable story about the success and failure of our recent efforts.

It is in the area of dependence on foreign capital and technology, however, that our performance has been weakest. A period that should have witnessed a steady increase in local control of our economy has, in fact, witnessed the exact reverse. In fact, it is estimated that the net investment income outflow increased from approximately \$14.8 million in 1959 to \$100.6 million in 1972. Against this must be weighed the Jamaicanisation programme which was launched in the second half of the 1960s. This programme was designed to persuade foreign enterprises such as banks and insurance companies to incorporate their operations locally and make 51 per cent of their shares available on the local stock market. Jamaicanisation has met with a limited success and is fair enough as far as it goes. It has three main weaknesses, however, which need to be understood. First, the local companies are still largely subject to the decision-making processes of the parent company operating out of its metropolitan home base. Second, the acquisition of equity under this programme leads to substantial pressures on our balance of payments and foreign reserves; and finally, the Jamaicanisation

programme has done nothing to modify the oligarchic pattern of ownership of local resources. The tendency has been for the same wealthy minority to buy into the newly offered equity and no effective programme has been devised for spreading the base of equity holding further to a conscious programme of democratisation of the ownership of resources.

In the field of education our failure to adapt to the challenges of economic transformation has been so marked and the subject of such profound importance to the entire politics of change that it is discussed in Part II, Chapter 4.

And so we come finally to the gap between rich and poor. During the 1960s it emerged from a series of polemics on the subject, together with a number of more serious analyses of the problem, that in spite of our best efforts the gap between rich and poor was increasing *pari passu* with the apparent growth of the economy as a whole. Along with the fact of mounting unemployment, the most striking consequence of the twenty-seven years between 1945 and 1972 is to be found in this fact. The type of economic strategies that have been adopted have increasingly entrenched what is now identified as the 'two tier' economy. More and more a group of favourably placed industries have created an entrepreneurial and worker aristocracy supported by rapidly increasing salaries and wages. The rest of the economy, which in the main means the agricultural sector along with the unemployed, has remained stationary and often has proved incapable of increasing salaries and wages at a rate even commensurate with rises in the cost of living.

This period has witnessed, therefore, those who participate in the bauxite, tourist and similarly placed industries entering upon a new and unprecedented era of prosperity. The new consumer demand which they have wielded has sparked inflation, disproportionate increases in the import bill and opened up a whole new area of marginal activity based on land speculation and high-cost housing developments. None of this is intended as a criticism of those who have benefited from their new found prosperity and taken logical if short-sighted advantage of its opportunities. While this has been happening, however, agriculture and the other traditional sectors of the economy have been unable to match inflation with the proceeds of their own production. Simultaneously the new, 'show piece' industries have

all been capital intensive, with the exception of the hotel industry, and hence unable to absorb either the increases in the labour force or even the displaced labour which is the growing feature of the traditional sector. The end result has been a widening of the gap between rich and poor coupled with a faster rate of growth, in terms of numbers, evidenced by the 'poor' section in comparison with the 'rich'. The social tensions that result from this process are intolerable and represent a threat to the existing social order if remedies cannot be found and the process reversed.

There is no single, simple solution to the problem of economic transformation. Each country must review its own economic situation, assess its own problems and its own peculiar attributes. It must sense the inherent strengths and weaknesses of its own human attitudes and weigh all this in the context of its international situation and internal political dynamics. However, if one sees social justice in an egalitarian frame and bears in mind our five economic concerns, - growth, control, utilization, ownership and distribution of resources - one can hope to isolate the essential elements of a relevant economic strategy.

At the most superficial, one might almost say sentimental level, unemployment is a reproach to human conscience. The existence of the problem demands some level of attention from those who prepare budgets of expenditure, and, at the very least, the provision of funds for special public works designed to provide employment. However, in the context of a genuine commitment to social justice, unemployment is more than a reproach. Rather, its presence suggests a total failure of the economic process to meet social needs. Hence, any strategy of economic development must begin with a total commitment to the search for full employment. It implies that all economic planning must begin with a concern for the engagement of human resources. It implies, further, that the entire collective ingenuity of the society must be geared to the creation of employment opportunities through every available avenue. Where equality is the aim of social organization, employment must be the central concern of economic planning. As we shall shortly see, this commitment involves more than rhetoric and actually has practical implications for the planning process and the employment of technology.

Obviously, major problems of unemployment cannot be per-

manently cured by works programmes. Permanent answers must be found in the fact and nature of economic growth and through the careful husbanding, cultivation and development of usable resources. It must always be remembered that economic development springs from no miracles. Rather, like genius, it flows from an infinite capacity for taking pains.<sup>1</sup>

## DIRECTIONS FOR THE FUTURE

What then, are the things about which one must take pains? One needs to distinguish a number of clear areas each of which calls for a particular type of focus. They are the psychological element, the intellectual element, the questions of how to make planning relevant as an instrument of national needs and whether there are aspects of the economy which by their importance require special thought and attention. In Jamaica's case, at this point in time these would be agriculture, tourism and bauxite. We must then consider development in the context of international relations and foreign policy, together with the issue of foreign capital. Ownership, co-operatives, rural development, growth and incomes distribution all have to be looked at as well. Finally I would like to suggest an economic profile for the future.

### THE PSYCHOLOGICAL ELEMENT

I have deliberately chosen to consider the question of the psychological elements first because of the conviction that all human achievement flows from states of mind without which the more

<sup>1</sup>There is now a fairly large literature on the Jamaican economy. An excellent survey of the postwar period is contained in O. Jefferson, *The Postwar Economic Development of Jamaica*, Institute of Social and Economic Research, 1972. A more general diagnosis of the development problem is contained in W. Demas, *The Political Economy of the English-speaking Caribbean: A Summary View*, Bridgetown, Caribbean Ecumenical Consultation for Development, 1971.

References for the topics dealt with in this chapter can be found in the reading list shown as Appendix IV in the publication of the Commonwealth Caribbean Regional Secretariat entitled *From Carifta to Caribbean Community*. For example, on the question of foreign investment, one may wish to consult the works listed in the names of Norman Givan, Frank Rampersad, Alister McIntyre & Beverley Watson.



technical elements in human performance cannot develop. For Jamaica the two critical elements are to be found in the areas of confidence and of attitude. Because colonialism undermined confidence, the great need now is to develop a mood of national confidence in which the people at large assume that they have both the duty and the capacity for great achievement. This involves the feeling on the part of the investor that he will help create the conditions of success for his own investment by the very fact of investing successfully in his own country. On the one hand, this implies a belief that one can affect one's environment by one's own action. And on the other, it implies the belief that one has the skill to make a success of the particular task to which one applies oneself. There is a subtle interdependence between these two assumptions, each of which represents a side of the coin of confidence.

Up to the present time the question of confidence as it has been discussed by politicians and institutional leaders has tended to have a slightly negative quality in the sense that effort has been directed mainly towards the attempt to persuade foreign investors that they can proceed with confidence in Jamaica because nothing will happen to disturb their operations. We need to explore something more dynamic and positive than that. The confidence that we need to create is one which flows from within the local population and expresses itself in a faith in our ability to manage our environment and overcome our own difficulties. Not only is this the best guarantee of a nationally motivated economic thrust of a self-sustaining character but, curiously enough, is probably the best way of inspiring confidence in the external investor who observes us as an arena of opportunity with a critical and detached eye. Nothing commands confidence in others like confidence in one's self. Of course, confidence is an imponderable which cannot be turned on and off like a switch. On the other hand, if leaders can reach in to some inner reservoir of patriotic excitement and take pride in Jamaica's astonishing accomplishments in a huge range of human activity and, simultaneously, recognize that the doubts that linger were planted by history with no real root in present circumstances, I believe that a new and dynamic spirit can be released which will be self-generating, self-perpetuating and self-escalating. We must begin with an act of psychological disengagement: an act which Lincoln

once described in a memorable phrase when he said to his own people: 'We must disenthral ourselves'.

A parallel exercise of less specific significance but equal importance is to be found in the question of attitudes. Somehow there must emerge in Third World countries a commitment to excellence and an acceptance that work cannot be judged in terms of the stigma which were irrelevantly imposed as a by-product of slavery and colonialism. Martin Luther King once spoke of the importance of a man feeling impelled to be the best street cleaner in the world. With his orator's instinct for the illumination of truth by the personalized example, he put his finger on a problem which must be overcome. Interestingly enough, our progress is bedevilled not only by our unwillingness to perform supposedly unpleasant jobs, but by a more generalized malaise that extends to the whole business of performance. 'Time-serving' becomes the attitude towards work of any people who do not feel a specific connection between their degree of application to a task and the positive circumstances of their lives. The problem is exacerbated historically where colonialism created a generalized separation between the efforts of a people as a whole and the benefits which they derived from those efforts. Nor is this tendency to question whether effort is worthwhile peculiar to post-colonial peoples. One surely detects much the same thing with groups like the British worker whose experience of the Industrial Revolution and the early twentieth century culminated in the class disaster of the nineteen thirties and bred attitudes towards work performance with which the society continues to wrestle.

Insofar as attitudes are concerned, it is clear that leadership, exhortation and the force of example can play a part. In the last analysis, however, this kind of problem has got to be tackled at a completely fundamental level that recognizes every man's need to feel his importance in the scheme of things and his creative participation in the decision-making process. He must also believe in the connection between effort and reward and be confident that he is part of the social group which manipulates its environment as distinct from being a member of a *part* of the social group which is manipulated along with the environment by the *rest* of the social group. This last is the most fundamental transformation of all and the one that can most dramatically

distinguish a man's view of his place in the environment of freedom from his experience of the environment of colonialism.

#### THE INTELLECTUAL EQUIPMENT

We must now turn from the psychological to the intellectual. The question of how a nation equips itself for the pursuit of its own objectives is now universally accepted as fundamental to all social engineering. With all the effort that was made in Jamaica between 1945 and 1972, the criticism remains that it was all too often a largely unthinking response. Having inherited from Britain an educational system already regarded as out of date in its country of origin, we proceeded with a strange blend of energy and innocence to its uncritical implementation. However, it is quite clear that other people's systems of education are unlikely to be capable of wholesale transplantation to any developing country. Nor is this an area in which we dare make a mistake. Education is the means by which we equip today's generation for tomorrow's possibilities. This demands a careful assessment of the kind of economic development of which we are capable, which is modified both by the opportunities and limitations of our physical environment and by a calculation of how these relate to national objectives. The educational system must seek to produce the skills which are a calculable part of our opportunities and the kinds of attitudes without which skills are sterile and the successful pursuit of objectives unlikely. This whole area is fundamental and is an indispensable key to development.

#### PLANNING

As we have indicated before, planning requires the focus of defined objectives. Hitherto, we have tended to regard economic growth as the sole purpose of planning. With our attention firmly focused upon things rather than people, it is not surprising that we have paid far more attention to the statistics of growth than to the figures of unemployment; nor is it, I suppose, surprising that the fact that unemployment grew faster than the economy seems to have occasioned little alarm. If, however, we accept that economic growth is not an objective in itself but a result to be desired to the extent that it creates the conditions within which

to pursue full employment and a rising standard of living for everyone, then we have introduced an important new criterion against which to measure our planning options. Let us, therefore, bear constantly in mind our two prime objectives of full employment and the distribution of wealth designed to reduce the gap between rich and poor and achieve a kind of economic development that is general rather than exclusive in its impact. These objectives imply a number of things which I cannot hope to analyse exhaustively in this chapter. Let us, however, isolate four areas that are of obvious importance.

First, the area of research: all technological adaptation and, consequently, much economic development can be traced to research. But every country pursues research in terms of its own general, national or particular, sectoral needs. It is unlikely, therefore, that the research of one country can provide all the answers that are relevant to the needs of another. Therefore, developing nations must devote a substantial proportion of their resources to the development of their own research techniques and processes. In Jamaica very little attention has been paid to the research function. As a consequence, we have very little knowledge of the by-product possibilities of our own plant life or as they might be developed from the rich variety of fruit which are peculiar to ourselves. Equally, little attention has been given to market research aimed at finding answers to the problem of developing a demand for the wide range of exotic fruit and attractive woods which can be grown here. Having never explored market possibilities, we have not paid much attention to whether we could find ways to preserve our exotic perishables. Therefore, our planning cannot focus effectively upon new possibilities that we might discover for ourselves through the research process.

If we turn to planning itself we are faced with a second problem. Because of our chronic tendency to import other people's technology, we have condemned ourselves to the kind of capital intensive processes which are appropriate for metropolitan countries at their contemporary stage of development. But capital intensive technologies are not basically suited to a country like Jamaica. Planning, therefore, should focus upon the exploration of new technological 'mixes' that seek to find a balance between modern equipment, where this is necessary, and the maximum use of labour. The slavish employment of metropolitan tech-

nology will leave us with a mounting unemployment problem. Nor can we afford to turn the clock back indiscriminately. Therefore, we must press on to the evolution of a technological mixture that is our own.

Our third and fourth areas relate to inter-industry linkages and value added. Since we cannot afford to assume that unplanned growth can by itself supply the answers that we need, we must direct growth consciously. This involves identifying and isolating areas of by-product development, linkage development and the exploration of every possibility that increases the proportion of local value added to the total productive process. This implies in turn a willingness to commit government resources to the development of these areas or, at the very least, to create special conditions within these areas so as to ensure their exploration by the private sector.

Once again it will be observed that this kind of selective planning becomes a logical extension of national priorities once these have been identified. In the absence of such priorities, however, it becomes impossible to plan in this way since one is literally proceeding in the dark. As I have remarked before, there are no economic miracles. Survival is a matter of margins. The solution to unemployment and the distribution of wealth, therefore, lies in the fullest exploration of every marginal opportunity within a sharply focused system of priorities.

#### AGRICULTURE

Recent history has helped to persuade many observers that it is impossible to make a serious impact upon both the general state of the Jamaican economy and its capacity to distribute its benefits equitably if there is not a major assault upon the problems of agriculture. This is partly so because of the large proportion, perhaps 25 per cent, of the working population which depends directly upon the land for a living and partly because it is precisely in the failure of agriculture that we find a primary cause of the increasing gap between the rich and the poor in the society. Until very recently Jamaican agriculture had been surrendered by the society to what seemed like a permanent embrace of traditionalism. The export crop sector had totally failed to come to grips with the problem of modernization and no one had

found an answer to the perennial problem of small farmer productivity.

I would suggest that Jamaican agriculture has to be seen in terms of three distinct challenges and possibilities. In the first place, the export sector must be modernized. But this will not occur if it remains in the hands of its traditional ownership, because there is not the entrepreneurial skill present to tackle the job and the pattern of ownership makes central planning impossible. Moreover, its recent record of performance has made it a kind of 'dead end' of the economy that is no longer capable of attracting private capital on the scale that is needed to do the job of modernization.

The key to the reorganization of the export crops such as sugar and bananas lies in rationalization and, certainly, in the case of sugar, the massive re-equipping of the processing side of the industry. To accomplish this it is necessary for the government to move into an active and dynamic partnership with the existing interest in the industry, first to secure the creation of a central institution through which effective planning can take place and, second, to ensure the introduction of top grade managerial and executive talent. Once this has been done one will find that it is possible to attract major capital through the international lending agencies for the purpose of re-equipping the factories, rationalizing transport and for the fullest exploration of by-product development. It may well be that many of the fears that now attach to any attempt at rationalization in the area of labour displacement will prove to have been exaggerated. An effective programme of by-product development may well absorb much of the labour that might be displaced by modernization. In addition, however, government's participation in any planning of this sort is the best guarantee of a rational programme that includes the accurate forecasting of labour displacement so that retraining programmes can be developed to fit displaced labour for other, expanding sectors of the economy. For years this exercise has been postponed, partly as a consequence of political resistance and finally, because the frustrations that were engendered eventually created an entrepreneurial malaise that reduced an already less than dynamic entrepreneurial group to a state of total paralysis. However, this adventure can no longer be postponed. The traditional export sector of the economy must

be made efficient so that it becomes a dynamic contributor to an expanding economy rather than an unofficial extension of unemployment relief.

The second main area of consideration is the small, largely hillside farmer. This group has been defeated by a combination of the smallness of his average holding and the difficulty of the terrain which he must farm. His present situation is not the result of any lack of markets. The food import bill of the Jamaican population has risen from \$30 million in 1962 to \$70 million in 1972. The problem is one of production not marketing opportunity. This is the area where the Jamaican Government and the farmer have got to recognize that they share a joint responsibility to use co-operative techniques to achieve economies of scale. Millions of dollars have been poured away over the years in trying to find various ways of helping the farmer to take advantage of this market. I suggest that all such methods will continue to fail because until he benefits from economies of scale it is impossible for the Jamaican farmer to take advantage of his opportunities.

This whole problem needs to be tackled in two ways. First of all the society must make up its mind to guarantee to purchase at remunerative prices everything that its farmers will produce provided this production falls within guidelines that are laid down by the planners. This is going to involve a substantial degree of political education and the development of radically different marketing techniques. However, it is idle to talk about balanced economic development if we are not willing to face what is involved. Simultaneously, so far as the farmer is concerned, he must be persuaded to cast off some of the individualism of the past and to be willing to combine with his neighbours for purposes of marketing and in relation to the sharing of modern equipment. Jamaicans often assume that our poor record with co-operatives means that there is some character flaw which inhibits progress in this direction. I think this is nonsense. Not enough effort has been devoted to the study of what has caused co-operatives to fail and as a result we have little idea about effective co-operative techniques in the Jamaica situation. The most difficult form of economic organization to maintain in viable production is the co-operative because it has no simple pyramid of authority to hold it together. Yet hours of

study are lavished on how to make authoritarian productive units more efficient while we seem to imagine that the infinitely more difficult task of making a co-operative work is something that can be safely left to nature. What requires urgent attention, therefore, is the whole question of co-operative technique as it might be successfully adapted to Jamaican needs.

A third and virtually unexplored area which is of great significance to the future of Jamaican agriculture is a new type of export thrust. We have always assumed that the only two opportunities available to Jamaican agriculture are the home market and the traditional export crops like sugar. But with the increasing sophistication of the consumer markets of North American which are the hallmark of contemporary metropolitan economic patterns, a whole new arena of opportunity exists for the ingenious exporter. When one thinks of fruit like the ortanique, the naseberry, the Bombay mango, the avocado pear, it is not difficult to imagine the tremendous marketing opportunities that could exist if one could bring together skilful marketing techniques with a sustained production drive. What is needed, first of all, is the confidence to believe that we can do it and that we have products that could really excite the metropolitan palate. This is the sort of marginal addition to small farmer income that could revolutionize the capacity of Jamaican agriculture to provide an avenue to reasonable prosperity. But all of it is going to require a high degree of confidence, planning, ingenuity, determination, discipline and will.

Let us now consider the question of incentive and ownership. In all agricultural development it is vital to ensure that those who work the land have a stake in its product. Hence, any plan for sugar reorganization must, in my view, include immediate attention to the question of worker participation in ownership. It may well be that one needs to separate all farm operations from factory operations and find a means of bringing lands that were formerly owned by the factories under the ownership of farmers and workers who actually grow and reap sugar cane. Similarly, it is very important that present government programmes aimed at bringing thousands of idle acres into production as efficiently and rapidly as possible, should have as a long-term objective, experimentation in forms of ownership through which the people who develop these lands and who show a willingness to stay with

them can come into various kinds of co-operative ownership. Later in this chapter I will consider in a more general way the implications to both the economy and the society of this kind of programme in both agriculture and industry.

A final question that needs to be considered in relation to Jamaican agriculture is the question of participation in ownership of secondary industries which are developed to take advantage of agricultural production and its by-products. It is vital that we should continue, and develop to the level of a national policy, beginnings that have been made in, for example the coconut industry. In the case of coconuts, coconut growers not only grow and reap the crop but own the big factory that processes coconut products. In that way the grower not only retains a basic control over the wealth that is created by his product but also has the opportunity to share in later stages of 'value added' that arise subsequent to the reaping of the basic item. So long as the farmer is seen as a planter and reaper pure and simple, so long will he tend to be condemned to the low end of the 'value added' scale for exactly the same reasons that have condemned colonial territories to this end of the scale in comparison with metropolitan nations. The same factors that apply internationally apply within an economy as between the manufacturing and the agricultural sector with the same consequences. We are faced either with a process of legalized charity, which we dignify with the term 'subsidy', so as to maintain a balance between the earning power of the agricultural and industrial sectors, or we must find a way to make the agricultural sector and the farmers who are its foundation, the beneficiaries of the more sophisticated processes that are increasingly derived from the basic activity of farming.

#### TOURISM

Looming large among the industries that need special thought is tourism. Few economic activities seem to occasion more extreme, and sometimes hysterical, comment than tourism. Rational analysis of this industry has been considerably obscured by two extreme and irrelevant points of view, both of which seem to owe more to an inferiority complex than to judgment. On the one hand, there are the protagonists of the industry who have con-

tended that the road to success lies in the incarceration of the tourist in spectacular, multi-storied buildings built on top of white sand beaches within whose walls the tourist is encouraged to drink himself silly while remaining oblivious to the country beyond his hotel window. This school of thought seems to rest, at least in part, on the assumption that the rest of the country is an object of shame which the tourist could not possibly enjoy. At the other end of the scale are the opponents who see tourism as a form of organized mass prostitution and who are convinced that such social morals as survived the colonial experience will finally succumb to the corruption of the tourist dollar. It will be observed that this group shares with the first an equal lack of confidence in their own society. In fact we cannot afford to do without tourism. No industry grows as quickly in today's world, nor is as capable of rapid local expansion. In addition, it is one of the most labour intensive industries left to the modern world. Finally, it has a highly satisfactory multiplier effect when planned intelligently.

One must take certain basic factors into account when planning a tourist industry that can make a maximum contribution to economic development, in a manner consistent with national objectives. First of all, one must banish from one's mind the entire concept of the tourist. What one needs to develop is a vacation industry designed to cater not only for rich foreigners, but also for foreigners who are workers, foreigners who are black and, by no means least, for one's own local population. This means that one has to design one's facilities so that they cater for a number of economic levels and to create an atmosphere in which the visitor from abroad and the domestic holiday seeker feel that they have equal access to what is a truly attractive location. Second, it is vital that the vacation should not consist of imprisonment in a hotel. Rather the hotel should be the spring-board for the maximum involvement in the activities of the community. Art galleries, restaurants, night clubs, theatres should all be consciously developed in a vacation area so that the vacationer becomes involved in all that is most attractive in local culture. Equally, advantage should be taken of Jamaica's spectacular scenery to ensure that the vacation includes planned visits into the interior of the country where, in turn, restaurants and craft industries can all spring up as valuable additions to the

economics of the interior. In this way the whole population will come increasingly to feel that it has a stake in the industry both from the economic point of view and in the sense that no quality of exclusivity behind high walls attaches to the vacationer. Finally, it is vital that planned programmes of urban renewal should be associated with and should take place in juxtaposition to hotel development. To put hotels beside shums is to provoke the occupants of the latter. To accompany hotel development with urban renewal is to present the shum dweller with tangible evidence that this development is in some way related to his own progress as a human being. When this kind of balance and planned approach is taken to tourism it will cease to be a source of tension and will become merely another highly rewarding aspect of the general adventure in economic progress.

#### BAUXITE

Jamaica's Bauxite industry<sup>1</sup> combines challenge with opportunity to an unusual degree. It represents the largest single capital investment, earns the most foreign exchange and pays the most

#### <sup>1</sup> SELECTED STATISTICS ON JAMAICA'S BAUXITE INDUSTRY

	1970	1971	1972
1. Bauxite mined (million tons)	11.8	12.2	12.3
2. Alumina processed (million tons)	1.8	1.9	2.0
3. Persons employed	13,390	11,629	9,719
mining and processing	5,493	6,162	6,756
agriculture	1,987	1,529	1,433
construction	5,910	3,938	1,530
4. Value of exports (\$ million)	186.9	180.2	188.2
(as % of total taxation)	248.8 (6.6)	282.7 (6.4)	300.8 (6.3)
5. Taxes and Royalties paid (\$ million)	31.4	34.2	24.5
(as % of total taxation)	194.0 (16.2)	229.8 (14.9)	270.6 (9.1)
6. Contribution to G D P (\$ million)	137.9	134.5	129.3
(as % of G D P at factor cost)	(14.2)	(12.8)	(11.2)
7. Total Investment 1959-72	\$550 million		
8. Acreage owned at December 1969	191,000	7% of total area of Jamaica)	
Acreage in mining etc.	14,000		
Acreage in agriculture (including forestry)	150,000		
9. Number of Companies in Bauxite/Alumina Production	4	(1972)	
Number of Companies in Bauxite Production only	2	(1972)	

taxes of any industry in the island. On the other hand, it employs a mere half of the work force currently engaged in tourism and about one-sixteenth of that employed in the sugar industry. It is exclusively under foreign ownership and control, processes less than a half of its mining output to the alumina stage of the aluminium process and has established no major aluminium fabricating complex in Jamaica. The industry has made an uneven contribution to agriculture with the tens of thousands of acres that it holds for mining purposes, has been slow to train nationals for management and makes a contribution to infrastructure that owes more to public relations techniques than a genuine intention to contribute to national development. In addition to all of this, the industry represents Jamaica's first major experience with that complex and controversial phenomenon of international economics, the multi-national corporation.

Because of its size and nature, the bauxite industry is best dealt with in the context of the discussion of foreign policy, foreign capital and how each relates to economic development.

#### FOREIGN AFFAIRS

It should be clear from much that has emerged in this chapter, and in particular our consideration of the problem of the terms of trade, that Third World economic development cannot be analyzed other than in the context of international affairs. Clearly, Third World countries must evolve a strategy in foreign affairs that reflects their common problems and needs. Such a strategy must take into account the terms of trade, the movement of international capital, the applicability of foreign technology, patterns of international trade, and the right of self-determination. All this must be seen in terms of a search for Third World self-reliance based upon a grasp of the similarity of Third World problems. In this context, the multi-national corporation is not the least of the challenges to be met. However, this area is too large to be dealt with in parenthesis and will form the subject of Chapter 3.

## FOREIGN OWNERSHIP OF RESOURCES

It was Aneurin Bevan who coined the phrase 'the commanding heights' to describe those sections of a country's economy which are of strategic significance. It was a singularly felicitous phrase, particularly for any politician who is seeking to devise strategies of change. If we might borrow the phrase here, it would be true to say that 'the commanding heights' of the post-colonial Jamaican economy were, and are, almost exclusively in foreign hands. The entire bauxite and alumina industry is under exclusively foreign ownership. More than one half of the sugar industry, significant elements in the public utilities, the banking system, the insurance business and a substantial proportion of the burgeoning tourist industry were and are similarly situated. Clearly, political independence and national sovereignty are inconsistent with a situation in which 'the commanding heights' of the economy are foreign-owned and controlled. Indeed, throughout the Third World, this thesis has been massively and continuously argued, analyzed and documented. The issues that are involved are too well rehearsed to require repetition here. Suffice it to say, however, that I share the view that political independence and foreign economic domination of strategic sectors of the economy are mutually exclusive concepts.

Economic strategy must have as its short and medium range objective the devising of the means and institutions through which a developing nation can exercise *control* over the strategic sectors of its economy so as to ensure that these factors operate in a manner that is consistent with national objectives and planning. It means, further, that it must be at the very least a long-range objective to bring these sectors of the economy under local ownership of one sort or another. It must be borne in mind that these strategic objectives must be judged, in the Jamaican context, in the light of local reality. Here we are concerned with two issues: first, that foreign capital should be invested in areas of need and should pursue policies which are generally acceptable; and, second, that it should continue to flow into Jamaica at a rate that makes possible the attainment of the overall growth rates that the economy must achieve. Foreign private capital that is already here must certainly be involved in questions of control and general harmony with national objectives. New foreign

capital, however, must be seen in two perspectives. On the one hand, it is a necessary part of economic strategy that foreign capital should be, to the greatest possible extent, public and institutional rather than private in character so as not to continue to add to the general problem. On the other hand, private foreign capital is still needed and welcome but should always be invited on the basis of joint venturing either with the public sector represented by the government or with the local private sector so as to ensure future harmony. Certainly, an immediate and urgent objective is to secure a situation in which no economic decisions affecting Jamaica are taken in foreign board rooms. This, of course, has considerable implications for the multi-national corporation.

All this comes more sharply into focus if we consider a number of basic issues that surround foreign capital in a developing country.

## FOREIGN CAPITAL

Foreign capital, like tourism, tends to provoke strong feeling. Historically, the term evokes the worst recollections of colonial exploitation. Even in today's world overseas investors seem to be slow to learn the lessons of history. Even where the pressures of government and public opinion have forced them to conform to the standards of good corporate citizenship at home, they will revert to type in the more permissive atmosphere of some struggling economy abroad. One can often see reflected in the behaviour patterns of the foreign investor all of the moral bankruptcy of the early thinking which sought to justify the brutality of the Industrial Revolution. The world has paid a high price in human and social terms for whatever gains in productive efficiency can be attributed to the profit motive. By the same token we have paid our dues at the altar of the 'dictatorship of the proletariat'. On the other hand, we can learn a lot from the observation of both concepts at work and by an evaluation of the sheer human misery that has been visited upon mankind by the apostles of both.

In economic development, as with so much else, one must begin by ridding one's mind of the unconscious prejudices which are induced by the flood of propaganda that accompanies the

unfolding of history. When we stand back from history in this way, it will become apparent that foreign capital is just another of the elements which go to make up the total equation of economic development.

Depending on how clearly we can identify our own objectives, foreign capital can make a significant contribution to the rate at which a developing country can overtake these objectives. In fact, it can be argued that no developing country can hope to bridge the gap between performance and expectation without substantial injections of overseas capital. Egypt could not have built the Aswan Dam, nor could the Castro regime have survived, without Russian capital and technology. Similarly, Jamaica could not have established her alumina industry by herself. Therefore, the question is not whether to use foreign capital in development planning. Rather, the question is how to bring foreign capital into harmony with national aspirations. In this regard, three prime considerations are: the purpose to which foreign capital is put; the price that one pays to put it there; and the extent to which national needs affect the decision-making process in the areas of its operation.

Insofar as areas of activity are concerned, there is obviously a negative side to this equation that presents no difficulty. Any nation can prevent foreign capital in a particular area by executive decision. For example, the government of Jamaica would not allow any foreign entrepreneur to establish casino gambling in Jamaica. On the other hand, one cannot order foreign capital to one's shores. Thus, having decided that it would be desirable for foreign capital to operate in a particular area, it is necessary to create the conditions in that area which will lead to a decision on the part of those who control foreign capital to invest. From this point of view, policy considerations are not unlike those which we have just described in relation to the general question of planning and priorities. Where foreign capital is concerned, however, one must look more closely at the question of whether one wishes the particular activity in the hands of private foreign capital or whether one might prefer to have the government borrow through one of the international lending agencies, so that the particular external capital is actually administered under local control. Decisions of this sort must stem from an assessment of the price which has to be paid for the capital and the technical

skills which may become available through the capital. Hence, one may prefer to borrow capital from abroad because the level of profit that would be required by the private, foreign entrepreneur is higher than one would regard as consistent with the national interest. On the other hand, the profit expectation of the foreign entrepreneur may seem reasonable and he may have available to him an exclusive mastery of a particular technology which one may regard as important to the success of the outcome.

In terms of the price that has to be paid, the same sorts of factors have to be weighed. Here one must look at profit expectation in the case of privately controlled capital, as against the sort of rates of interest and sinking fund that would be involved in a foreign loan. Once again, it will be observed that the permutations and combinations of the problem are considerable and the choice of a solution, something that has to be considered on the merits of each situation.

Turning to the question of control, it is vital that this factor should be uppermost in the mind of the planner if the long-term interests of the nation are to be protected. One has a choice between three main devices. There are control mechanisms that can provide the rules within which foreign capital may operate in a particular area. There is nationalization and finally, there is the device of the joint venture which is a technique particularly suited to the circumstances of a country like Jamaica. Of course, torrents of words have flowed on the subjects of nationalization and expropriation of foreign capital. By nationalization, we mean the purchase of a foreign asset at a price that has been determined as fair by some impartial machinery provided by the law. By expropriation, we mean the seizure without compensation of a foreign asset. Of course, it is possible to acquire foreign assets on terms that fall somewhere between nationalization and expropriation. If, however, one is prevented by moral commitment and Constitution from following the path of expropriation, then one is left with a range of options that stop with nationalization. This is the case in Jamaica where nationalization arises because the terms on which foreign capital has entered the country in the past are not necessarily consistent with our concept of the national interest in the present. However, nationalization poses a number of problems, not the least of which is the question of



the export of capital that is required to purchase the assets. It may well suit a country like Jamaica to deal with what one might describe as 'the foreign capital of the past' by the judicious use of control mechanisms. In this way one can secure policies that are broadly consistent with national objectives. On the other hand, it should be fundamental to future policy that foreign capital should enter on the basis of the joint venture. By this means one can secure local control of policy, the retention of a significant proportion of profits and the development of that national self-confidence that flows from a visible local presence in all major national undertakings.

#### OWNERSHIP

Let us now consider the whole question of the ownership of resources from both the point of view of the nation and of the individual citizen. Land is the basic resource of a people. It should never be out of national ownership or control. In a country like Jamaica we have inherited a situation in which a substantial proportion of our land is owned either by non-nationals or by nationals who have no desire to develop it. Ownership by non-nationals should never be permitted as a matter of principle. In the case of a small island like Jamaica struggling to support two million people, principle is reinforced by common sense since foreign ownership of our land not only mortgages our future but represents a current pressure on a scarce asset. Where land is already in non-national hands, there should, therefore, be the most careful set of rules concerning the use to which that land is put. Insofar as the future is concerned, land should be leased for specific development purposes, but never sold. By the same token, nationals who hold land for speculative purpose should be required to develop what they own immediately or sell it back to government.

Nor should this concept stop there. Apart from plots of land for purposes of building a home, the whole idea of private ownership of land is inconsistent with national economic planning in a context where it is assumed that the general social good is the objective towards which all effort must be directed. The past is littered with examples of land settlement schemes which were intended for agricultural production but where plots of land

ended up being held for speculative purposes. When this happens it not only defeats the purpose of land reform, but increases the pressure on land room by withholding land from economic development. It should be standard policy to lease land in these circumstances and on conditions where the purposes to which the land may be put are clearly defined and the lease revocable in the event of default.

Another national asset that should never be in private hands and should, indeed, be available to all of the people all of the time are beaches. Although this proposition has almost universal acceptance, Jamaica has been slow to recognize the social implications of the question. As a consequence, we are only just beginning to wrestle with a problem that should never have been allowed to arise in the first place. A lot of our best beaches were sold to hotel interests in the days when we were willing to pay a higher price to attract the tourist than he was, in fact, demanding. This is a classic example where policy did not represent a measured response to reality but was determined, instead, by the insecurities that beset the post-colonial mind.

We now need to consider the ownership of the means of production from the point of view of the individual citizen. The capitalist system was first defined in a manner that suggested that there was a permanent and pre-determined distinction between he who owned capital and he who was employed on its behalf. The dividing line between the owner of capital and the worker was sharp and absolute. The decision-making process, the management function and an indefinite entitlement to the lion's share of the proceeds of economic activity were reserved to the owner of capital. Obedience and a subsistence wage, variously defined, were the lot of the worker.

Whole populations were brainwashed into believing that these distinctions were divinely ordained and represented immutable laws of the system itself. In fact, it was this assumption of immutability that misled Marx into assuming that the capitalist system would develop in a completely predictable way. As a result, he failed to allow for the possibility of capitalist adaptation and assumed that the system could only head for a sticky end. With corresponding inflexibility Marx predicted that ownership under the capitalist system would be concentrated in fewer and fewer hands as it headed for inevitable revolution. It is

curious that so great a neo-Hegelian thinker should have failed to perceive that he, himself, would create a political antithesis to capitalism which would lead to a new historical synthesis.

In fact there was nothing immutable about either the laws which appeared to surround the capitalist system nor the divisions of functions that were traditionally associated with its workings. The decision-making process was attached to the ownership of capital because capital itself was scarce while labour was abundant. In addition, those who controlled capital had a virtual monopoly on knowledge. This was so because capitalism emerged at a time of elitist stratification of society where education was the exclusive preserve of the elite. Equally, the ownership and control of capital by a small minority of the society arose largely from the nature of society at that time and not from any logical historical force. Inevitably there have been very substantial modifications to the capitalist system that have emerged as society has evolved and as the economic system has grown more complex. For example, the decision-making process has been virtually taken out of the hands of those who own capital and is now to be found in the hands of the technocrats who run industry. This has occurred partly because economic activity has become so complex as to require an entire management class who are trained in what is a completely specialized area of knowledge. Also, the steady displacement of the old family business by the new corporate empires with their huge shareholding base has created a type of ownership that is too widespread to permit either group coherence or a sense of participation in decision-making. Of course, in the widening of the base of ownership through the development of the modern corporation, one can observe one of the significant adaptations of the capitalist system which have falsified the Marxist prediction of increasing concentrations of ownership and have given to the capitalist system an historical resilience which Marx did not foresee. In spite of these changes, however, there is still a characteristic tendency to assume that there is an enduring validity to the basic distinctions which existed at the start between owners of capital and workers. Certainly, in the post-colonial Caribbean these distinctions are fundamental to the existing social order.

One major reaction to the manifest injustice of these functional distinctions within the capitalist system is to be found in the

communist model of state ownership. In this model there is no distinction between owners and workers and so, to that extent, one can point to a theoretical gain in terms of egalitarianism. However, both models have, in my view, proved to be unsatisfactory. One does not need to elaborate upon the inadequacies of the capitalist model with its built-in master-servant imperatives. But the state industry model as it emerged in Russia is just as deficient from a number of points of view. This model is authoritarian and subject to control by the Party and its representatives to the exclusion of effective worker participation in decision-making. In terms of the workers' day to day experience the egalitarian advance is, therefore, illusory.

If one wishes to experiment with models of ownership and patterns of human relationships within industry one must, I suggest, begin with the individual, the nature of man and the areas within which he seeks satisfaction. I suggest that there are two clear needs which must be met if the average man is to maximize his satisfaction as a working member of the social group. First, he must feel that he has a stake in the economic activity to which he sets his hand. Second, he needs to feel that he can influence his environment. These imply in turn that each man engaged in an enterprise should feel that he has some share in its ownership and stands to benefit directly from the wealth that it creates. Also, there is the implication for the decision-making process: each man should feel that he can, if he wishes, make a contribution to the processes by which decisions are arrived at. In the classical capitalist model, the worker has neither a stake nor access to decision-making. Similarly, neither of these things is necessarily present in a state industry. I contend that if we are to attempt a social order that is rooted in egalitarianism and a notion of justice, our economic organization must be designed to satisfy these two needs of 'stake' and 'participation in decision-making'. It is only when these two conditions are present that we can claim to have made our economic arrangements a part of a satisfactory system of social relationships.

There is, however, more to the question of the worker's role in industry than the satisfaction of theories of social justice. I believe that it is only by this route that one can guarantee in the long run both peace and efficiency in industry. The world is

trapped in a contradiction with grave implications for the future. Both in the capitalist West and in most of the communist East we are trying to maintain a system of economic authoritarianism in the face of an educational system that increasingly produces a conscious, highly trained and articulate human being. At the same time our political systems proclaim the freedom of man and the primacy of his rights. As a consequence our educational system and our political ideals combine to produce a kind of man who increasingly expects to be a force not only in his political and social environment but also in that most fundamental of all his spheres of experience—his working life. Nor is this idle theoretical speculation. Anyone who has compared the difference between the attitude towards authority and discipline in a plant on the part of older workers who grew up accepting yesterday's assumptions, with younger workers who are the products of the new educational and political forces of the world, is struck by the latter's impatience with things that the former takes for granted. This is not happening by accident but is the living proof of the proposition that we are educating the world beyond the possibility of a continued acceptance of any kind of authoritarianism—and economic authoritarianism is no exception.

We cannot turn back; therefore we must press forward, accepting fully the implications for social and economic organization of the forces which are liberated by modern education and politics. This can only be done if we accept the implication of the training which we make available to our citizens and understand that training does not only increase skill and adaptability. It also increases both the expectation and the capacity to make a contribution at the decision-making level. Nor can we continue to assume the kind of man who is content to suffer on a picket line periodically to extract an increase in wages. More and more the modern world is bound to create the kind of man who will ask: Why should I have to fight for a share of the product which should be mine by virtue of the fact that my skill is an indispensable input? The alternative to the conscious development of a system that rests upon worker ownership and participation will be mounting industrial tension of a kind which the conventional union movement will be increasingly unable to accommodate within its traditional spheres of action. It is going to call for highly sophisticated strategies and institutional tech-

niques of new kinds to effect the kind of transformation in the system of ownership that is envisaged. Among other things there will have to be a very substantial process of education about new economic relationships since many who express the kinds of aggressions that are the product of the contradictions within which they are trapped, do not yet perceive either the source of their frustration nor its remedy. But this need not be a cause for discouragement. Rather it is one of the great challenges to the social ingenuity of countries in the Third World. After all, we come to the problem with the peculiar advantage of being the heirs to a historical commitment to change and are happily free of any national responsibility for the development of the various patterns of economic authoritarianism.

If we can achieve such a social order one can be sure that the system of ownership that would result would ensure a far more equitable distribution of the society's wealth. General participation in the decision-making process would help to make each citizen feel that he or she had a creative contribution to make to the economic process. And it is probable that productivity and discipline would benefit from the general atmosphere of involvement. Certainly, we can be sure that the present pattern which seeks to guarantee discipline through the capacity to apply sanctions is headed for diminishing returns. We live, after all, in a world that is increasingly populated by human beings whose needs for creative engagement increases as the boundaries of knowledge expand. Increasingly, discipline will prove to be a function of involvement and understanding rather than of fear.

#### CO-OPERATIVES

While new techniques are explored in the area of worker ownership, the role of co-operative organization needs radical re-examination. The co-operative is the institution best able to accommodate the needs of both economic and social strategies. It is the means by which the economies of scale can be placed at the service of the small man without sacrificing his stake in ownership. In the Jamaican situation it is the form of organization that could solve the problem of small farmer efficiency. Co-operative technique would permit skilled artisans to group themselves together in organizations which could play a significant

part in the development of the service sector of the economy. Through co-operatives, the consumer could introduce a new dimension into the distributive sector.

Ironically, Jamaicans have been chary of co-operatives, pointing to a high mortality rate in the attempts that have been made. In an argument that represents a triumph of whimsy over investigation, it is contended that Jamaicans are individualistic by nature and therefore lack that capacity for self-discipline which is the foundation of a successful co-operative. All that this really means is that co-operatives in Jamaica have been badly organized, badly managed and ill-understood by those who were involved in their operation.

The co-operative form of organization requires very strong management of a highly specialized kind. An ordinary business enterprise under the capitalist system requires management that understands the logistics of production and marketing together with the techniques of money management that keeps these two considerations in proper relationship. However, the relationship between the human component and the organization exists within an authoritarian frame and, though calling for sophisticated management, rests ultimately upon a simple truth. Implied in the relationship between the organization and the people who work for it, is the capacity of the former to apply sanctions to the latter. As a consequence, performance is subject to discipline.

By contrast, the co-operative involves a coming together of sovereign equals. The organization that results enjoys no separate status of authority and must, accordingly, depend upon continuing consent. In this situation, the capacity of the group to maintain a disciplined relationship must proceed from an entirely different kind of management in which persuasive communication must take the place of the sanctions which are available to an authoritarian organization.

Interestingly enough, in the few co-operatives which have been successful in Jamaica, we find that great emphasis was placed on leadership and communication. What is urgently required here is an intensive investigation of co-operatives that failed. The lessons that are learnt would prove invaluable in the development of techniques of co-operative organization and management. Such an exercise is critical to the development of

a strategy in regard to co-operative organization which, in turn, is an important element in the search for economic democracy.

#### RURAL DEVELOPMENT

Any reasonably balanced economic development must take into account a number of special factors. First of all, resources must be allocated so as to ensure adequate rural development and the commitment of capital to the provision of infrastructure and industry so as to create the basis for a balanced and satisfactory life for rural dwellers. Planning must take into account the quality of rural life as well as the necessity for a viable rural economic base. Without both economic viability and a quality of life commensurate with modern expectations, the hope of developing strong rural communities will be stillborn. At present rural communities in Jamaica are places where old men get ready to die and from which the young flee in search of contemporary dreams. This process must be reversed. Of course Jamaica is no exception to a general problem throughout the developing world in this regard. A companion exercise in Jamaica's case, however, is the necessity to develop major urban alternatives to the capital, Kingston. At present Kingston and its suburbs contain nearly one third of the Jamaican population (600,000 out of two million). The capital is already experiencing the big-city problem of unmanageability. Jamaica needs to plan the conscious development of a least two other major urban centres. These should be Mandeville, which is beautifully situated in the mountains in the middle of the island, and is almost at the point of the centre of gravity of the bauxite and alumina industry. The second should be Montego Bay, the tourist capital, which is on the north-west coastline and should develop logically into the urban focus for western development.

#### GROWTH

Economic growth is important but not an end in itself. Indeed, growth statistics can be hopelessly misleading. For example, the period in which alumina plants are built in an economy on the Jamaican scale, create an illusion of considerable growth. In human terms, however, these plants may represent a minor

employment factor and may actually occasion a period of reduced tax earnings for the economy. This occurs since capital allowances have traditionally led to large write-offs in the early years of the life of an alumina plant by comparison with the comparatively handsome royalties that would be earned on bauxite mining. If economic growth is intended to be the servant of a just society, planning must be discriminating and keep constantly in mind the human equation. Economic activity which reduces unemployment, and is planned so as to create the opportunity for meaningful economic participation for people, contributes to personal happiness and, therefore, to justice. But growth does not, of itself, guarantee these things. Growth must, therefore, be the subject of unceasing scrutiny so as to ensure that it enlarges the creative scope of the society and leads to a more just distribution of its benefits. In the past, for example, un-discriminating reliance upon growth saw the emergence of the 'two-tiered' economy which led to increasing imbalances in the distribution of wealth.

However, it remains critical to maintain a rapid rate of economic growth. While this commands a general consensus, it is not always understood that growth itself depends upon more than the management of internal market and investment factors. Critical as these undoubtedly are, it must be borne in mind that growth is often stifled by an unwillingness to think beyond traditional factors. For example, dependence upon traditional markets is a major limiting factor upon growth. Jamaica must see the world's markets as a stage upon which she must seek her self-interest with ingenuity and infinite flexibility. Hence, growth itself, which the layman often assumes is the exclusive concern of the economist, the entrepreneur and the sector planner is, in reality, dependent on a total strategy which ranges from the climate of attitudes, through the development of human skills and includes a foreign policy which is geared to every shift in the winds of economic opportunity around the globe.

#### INCOMES AND DISTRIBUTION

Jamaica along with every other society in the world which claims concern about social justice, must face the issue of an incomes policy. In the context of a free society this is proving to be the

most difficult of all the strategic requirements of social justice. Incomes policies have been bedevilled by controversies about prices, profits, comparative wages and the mutual distrust of all the elements of the society which might be affected by restraints in the national interest. And yet we cannot hope to fashion an egalitarian society if we do not face the issue of rationality in the rewards for effort and the distribution of wealth. In terms of economic planning, a broad national consensus over an incomes policy is a pre-condition both of orderly development and of the hope for a society resting upon the just distribution of wealth. Undoubtedly, this issue strains to the limit the capacity of a free society to agree upon policy. But if freedom is to be the condition in which justice flourishes the issue must be faced and overcome.

Clearly, success in the development of an 'incomes' policy is intimately linked to the control of the factors in the distributive system which affect prices and the cost of living generally. So long as the less affluent suspect that the price of a loaf of bread may include an unreasonable profit margin somewhere along the line, it will prove difficult to gain acceptance for the idea of rationally ordered incomes. This is, therefore, an area into which the government must move. It is true that price controls are difficult to administer and harder to police. However, the effort must be made because far larger issues depend upon the attempt. Certainly, a government must take responsibility for the purchasing of the raw materials upon which the staple diet is based. Commodities like wheat, corn, soya beans, rice and the like cannot be purchased in circumstances where doubt may attach to whether the cheapest source of supply is involved. Nor is it fair to ask the private sector to disregard its traditional relationships and to accept the cheapness of the source as the sole criterion by which it is to be guided. Only a government is capable of that freedom of action.

Simultaneously, government control of the basic marketing mechanism in these fields permits flexible planning of agricultural development geared to import substitution. The protection of the consumer can be married to the development of productive capability within a rational framework that guarantees public confidence in the outcome as measured by prices.

One other factor which may influence attitudes towards an

incomes policy is the degree of organization attained in the field of social security. The elements of social welfare in terms of pensions, protection in illness, care for the handicapped and the like are so fundamental to social justice and have been so often discussed, described and analyzed as to require no repetition here. Suffice it to say that the concept of security from the cradle to the grave is fundamental to social justice. Indeed, it is implied in the very fact of social organization and was probably its primary purpose at the time of *Genesis*. Where people feel secure in their ability to cope with illness, injury, old age, the education of their children, they are more likely to take a rational view of their incomes in relation to society's needs.

#### AN ECONOMIC PROFILE

No examination of the problems of the Jamaican economy would be complete without an attempt to paint a picture of the sort of economic structure towards which we should work. In attempting to draw this economic profile one is by no means suggesting a structure for all time. Rather, we are seeking to indicate a structure towards which we can work realistically within the constraints to which we are subject at this time in our own history and in the world context which we occupy. What we will seek to do is to consider 'the commanding heights' to which we alluded earlier, the manufacturing sector, the farming sector and the distributive sector and consider these in relation to public ownership, foreign private ownership and local private ownership.

Broadly speaking, we identified 'the commanding heights' as those sections of the economy which occupy a strategic position. Hence, the public utilities, the banking system, the bauxite industry and the sugar industry can be said to constitute the principal elements in 'the commanding heights' of the Jamaican economy. These quite clearly belong in public ownership and control. As a matter of common sense and reality, public ownership will have to work together with foreign and local private capital in some areas in the foreseeable future. For example, the bauxite industry would be best organized in Jamaica in joint ownership between the government of Jamaica and the private corporations. The latter control the markets and have access to

capital and technology on the scale that we need for major development of this industry which must include aluminium smelting, the establishment of a fabricating complex and the development of linked input industries such as caustic soda and the starch which is used as a flocculent in the alumina process. Hence, this mixture of public and private foreign capital is likely to be the logical pattern for the bauxite industry in Jamaica in the foreseeable future.

In the public utilities, on the other hand, it should be possible to evolve a situation of complete public ownership with reasonable speed. The sugar industry lends itself naturally to joint ownership between the public sector, private local capital, foreign local capital and local farmer interests. In this mixture the public and local farmer interests should ideally predominate. This sort of mixture between the public sector and foreign and local private capital seems ideally suited for the banking system provided the local interest predominates. The decision-making process should be carried out locally by Jamaican nationals and the whole system should be under government control insofar as basic banking policy is concerned. The same pattern should obtain with other financial institutions such as insurance companies. Here is it worth noting that public institutions such as the Development Bank, the Mortgage Bank, and the Workers Bank all have critical parts to play in development strategy and it is vital that they should be linked with the commercial banks to ensure the fullest collaboration between the public and the private sectors in the pursuit of national objectives.

Throughout the whole of these strategic areas of the economy, the element of public ownership is important not only to ensure harmony with national policies but also as the means of ensuring the genuine democratisation of ownership in Jamaica. It is socially important that all these industries should reflect a substantial measure of worker ownership and should be organized on the basis that all those who work in these industries should have a voice in the decision-making process. This kind of public sector participation is a critical element in the development of techniques and institutions through which there can be a growing transfer of ownership into the hands of the employees, at all levels, who run these vital industries and economic institutions. The only possible exception to this general rule is in the case of

the public utilities. It may not be in the public interest to seek to run a public utility on a profit making basis and therefore worker ownership may in this context, invite a conflict of interest. It could be that the consumer co-operative would be the ideal method of ownership for certain types of utilities. However, these detailed questions can be resolved in each case once a clear concept is accepted.

The ordinary manufacturing sector belongs naturally in private hands. However, it is vital to the development of the kind of society which we envisage that there should be a growing local, small businessman sector to manufacturing industry. Just as it is vital to pursue a deliberate policy of worker participation in ownership at all levels of the economy, so is it vital to create the institutions which can assist in the rapid development of the small operator in the manufacturing field. This can involve a wide range of activities such as furniture-making, laundering, maintenance services and workshops, tailoring and dress-making establishments and so on. It should be a matter of deliberate policy to keep the economy from becoming cartelized. The best way of ensuring this is to create the institutions which can help the small business element to be efficient and competitive. This may even involve the conscious creation and maintenance of co-operatives among small manufacturers as a means of maintaining the balance between themselves and the highly organized, large scale enterprises.

The real fields for co-operative development, however, are the distributive trades and, of course, farming. The development of consumer co-operatives in the distributive industry is an important element in a just economic order. Furthermore, it is not necessary for the whole of the distributive industry to be in the hands of consumer co-operatives so long as the sector reflects a reasonable proportion of this kind of organization. Once consumer co-operatives exist in sufficient numbers and in strategic geographical locations, they can act as effective monitors on the performance of the distributive trade. In any event they represent an important step forward in the whole process of economic participation. Co-operative ownership is, after all, an important aspect of the strategy by which one must attempt consciously to create an economy that is owned by the people in the widest possible sense.

It is in agriculture, however, that the co-operative movement has the largest part to play. Co-operative ownership of farming is the critical means by which agriculture can be developed on the kind of scale that permits efficiency, through organization in optimum units, while at the same time retaining the element of personal ownership. It is also necessary to see the farmer in relation to what he produces in much the same way as one sees the worker. We have argued that the worker is entitled to a share in the ownership of the enterprise for which he works because his labour represents an input which is just as critical as capital. Once he shares in ownership, he shares automatically in the wealth which his product generates. Similarly, we must see the farmer as the producer of a commodity which is not only sold in its first, raw state, but which is also often developed through processing and the manufacture of by-products. Hence our argument that the farmer must become a beneficiary of the 'value added' which is created in succeeding stages of the development of his primary crop. This will require the reorganization of the relationship between farming and agro-industry.

Beginning with co-operative organization at the farm level, we need to create structures of ownership which lock the original co-operative into a share of the ownership of the succeeding stages of economic development, based on the original crop. In this way one can make farmer and workers alike share naturally in the general growth of the economy and ensure that they share proportionately in the national wealth that is created at various stages. Only thus can we solve permanently the two problems that have bedevilled every economy in the world: that the wealth of the farm sector does not keep pace with that of the manufacturing sector; and the worker has to fight for a fair share in both sectors. Some societies have tried to solve these problems by the legalized charity of subsidies on the one hand, and militant unionism on the other. A method of more enduring validity would be to devise the institutions through which the farmer can share automatically in the wealth that is created by the processing and general utilisation of his crop, and the worker share automatically in the fruit of his hands.

Thus we see the picture of an economy with a public, a private, a small business and a co-operative sector. We see a clear place for foreign and local private capital. We also see a

principle of widely based citizen participation in ownership in the private sector along with the principle of worker participation in ownership throughout the public sector and in all the reaches of 'the commanding heights' of the economy. We see the farmer and the small businessman retaining the 'feel' of ownership in a co-operative form of organization which simultaneously guarantees the economies of scale. In this way small unit ownership can be allied to large unit efficiency. We see the development of consumer co-operatives and institutions such as workers banks and management advisory services to small businesses. We must make available to every citizen in every walk of life and reach of the economy, the kinds of services that have hitherto been the exclusive preserve of the more favoured sectors of the economy. In short, we see a participatory system which has as its ultimate objective the concept that every single citizen should own a part of the economy and feel, as a consequence, that they are genuine part-owners of the nation.

## *Foreign Policy*

FOREIGN policy begins with the perception of self-interest. In the metropolitan countries foreign policy is regarded as an automatic and critical element in government strategy. The combination of size, economic power and sheer experience which are a part of the situation of a metropolitan nation leaves its people in no doubts as to the importance and relevance of this aspect of government. This comprehension is harder to come by in the case of a newly independent territory particularly if that territory lacks either size or major economic significance or both.

In any event the reality of the colonial experience is likely to have left in its wake a failure to appreciate that a country's relations with the rest of the world can be as important to its development as the relationship between the various parts of itself within its own territorial boundaries.

In the case of a country like Jamaica we find all three disabilities (geographical, economic and perceptual) present to an unusual degree. Jamaica is small. Apart from its bauxite industry its disappearance from the world scene would create scarcely a ripple on the total surface of the world's economic relationships. Finally, our experience with colonialism went on for so long as to create a near paralysis of judgement in the area of external relationships. As a consequence it has taken Jamaica quite a period of time in the immediate post-independence period to begin to appreciate all that is involved in its external relations. Long habituated to trade with Great Britain, the United States and Canada, the average Jamaican even at the start of the decade of the 1970s found it difficult to comprehend the possibility of a relationship between Jamaica and the rest of the world. This is so despite the fact that communist Russia has long been our best customer for pimento and despite the fact that we recognised communist Yugoslavia shortly after independence. These were disconnected, one might almost say disembodied, events which