

THE UNIVERSITY OF HULL

THE DEVELOPMENT STRATEGY OF THE PEOPLE'S REVOLUTIONARY
GOVERNMENT: the political economy of economic transformation
in Grenada, 1979-1983

being a Thesis submitted for the Degree of
Doctor of Philosophy

in the University of Hull

by

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Summary of a thesis submitted for PhD degree
by Courtney Alexander Smith

on

THE DEVELOPMENT STRATEGY OF THE PEOPLE'S REVOLUTIONARY GOVERNMENT: The
Political Economy of Economic Transformation in Grenada, 1979-1983

This study seeks to fill a critical gap in the burgeoning literature on the Grenada Revolution, viz, the attempt of the People's Revolutionary Government (PRG) at economic transformation in Grenada during its brief, but eventful, period in office from March 1979 to October 1983.

The thesis is divided into two major but inter-related parts. The first four chapters explore the empirical and theoretical issues which lay behind the strategy of transformation adopted by the PRG. Examined, respectively, are Grenada's integration in the world economy, the objective circumstances which gave rise to the Revolution (particularly the role of 'Gairicism'), and the main theoretical currents which informed the PRG's development strategy both prior to 1979 and once it was in government. The second four chapters examine in detail the performance of the PRG in the three critical sectors of the Grenadian economy - agriculture, tourism, and manufacturing - to determine the success or otherwise of its policy of transformation. Special emphasis is placed on the issue of the international airport, the relationship between the PRG and the private sector, and the macroeconomic performance of the economy under the PRG.

A major finding of the study is that by early 1982 the Grenadian economy was engulfed in a profound crisis, manifested principally in dwindling capital inflows, widening balance of payments and budget deficits, and a halting of major capital projects. The economic crisis in turn exacerbated the parallel crisis which was operative on the political front. Another central finding is that the economic problems resulted not so much from the structural characteristics of the economy (smallness, openness, dependence, and peripheral position in the world economy) but, more fundamentally, from the contradictions between the Soviet-formulated theory of non-capitalist development adopted by the PRG and the objective realities of Grenada's economy, society, and geo-politics.

For

My Mother, Grandmother and Jean

C O N T E N T S

	<u>Page</u>
Acknowledgements	i
List of Tables	iii
List of Figures	vii
List of Appendices	vii
List of Abbreviations	viii
Maps	xi
INTRODUCTION	1
Methodology	4
 Chapter 1	
THE INTEGRATION OF GRENADA INTO THE WORLD ECONOMY	7
The Beginnings until 1838	7
Change Without Change	23
The Development of the Grenadian Peasantry and Struggles of the Masses: Economic Conditions	25
Political Conditions	32
Social Conditions	34
The Anti-colonial Struggle and Advent of Eric Gairy	36
 Chapter 2	
GAIRYISM AND THE GRENADIAN ECONOMY	49
Further Constitutional Advances	49
The Grenadian Political System and the Early Foundations of Gairyism	51
A Dependent Model of Development: Arthur Lewis as Prophet and Guide	58
Economic Trends Under Gairy	68
The Heightening of the Crisis and the Birth of the Grenada Revolution	88
 Chapter 3	
CONFRONTING DEPENDENCY AND UNDER-DEVELOPMENT: THE POST-1960 DEBATE IN THE COMMONWEALTH CARIBBEAN	109
Introduction	109
Emergence of New World Thought (Socio-economic context)	111
The Best-Levitt Model of Plantation Economy	117
The Contributions of Beckford and Girvan	123
Recommendations for Change	132
Impact, Weaknesses, and Strengths	139
The Contributions of Thomas and Rodney (Marxist Input)	150

		<u>Page</u>
Chapter 4	CONSTRUCTING THE NEW SOCIETY: THE NEW JEWEL MOVEMENT AND THE THEORY OF NON-CAPITALIST DEVELOPMENT	172
	The 1973 Manifesto	172
	<u>The Theory of Non-Capitalist Development</u>	183
	Introduction	183
	The Triumvirate of Marxism-Leninism and Non-Capitalist Development	185
	The Post-Lenin Contribution	191
	The Characteristics and Tasks of Non- Capitalist Development	193
	Recipe for Success or Failure? An Evaluation	196
	The Question of Class Struggle	197
	Political Democracy and Civil Rights	203
	Geopolitical Concerns	208
	The People's Revolutionary Government	212
Chapter 5	AGRARIAN REFORM AND RURAL DEVELOPMENT	226
	An Overview of the National Development Strategy	226
	The Agrarian Strategy	235
	The Development of the State and Co-operative Sectors in Agriculture	247
	Other Developments in the Rural Sector	271
	Overview of Agricultural Performance (1979-1983)	287
Chapter 6	TOURISM IN REVOLUTIONARY GRENADA	307
	Tourism as a Vehicle for Development	307
	The Tourism Strategy of the PRG: The Concept of 'New Tourism'	320
	The International Airport	325
	Promotion of Handicrafts	345
	Tourism/Agriculture Linkages	354
	Overview of Tourism Performance (1979-1983)	361
Chapter 7	CONFLICT OR CO-OPERATION? THE RELATIONSHIP BETWEEN THE PEOPLE'S REVOLUTIONARY GOVERNMENT AND THE PRIVATE SECTOR	390
	Introduction	390
	The Development of an Uneasy Relationship	392
	The Grenada Investment Code	413
	Grenada's Manufacturing Sector	433
	An Overview of the Performance of the Private Sector	444
	Some Concluding Remarks	454

	<u>Page</u>
Chapter 8 MACROECONOMIC PERFORMANCE UNDER THE PEOPLE'S REVOLUTIONARY GOVERNMENT AND THE OCTOBER CRISIS	471
Introduction	471
Accounting for Gross Domestic Product: Some Problems of Measurement	472
Some Limitations of the GDP Concept	479
Report on the Economy: The Inside Account	483
<u>The Outside Account</u>	499
The Rate of Growth of GDP	500
Balance of Payments Developments	504
Inflation and Unemployment Developments	516
A Verdict and an Assessment	519
Grenada's Suicidal Resort to the IMF	528
Crisis of the Party, the Economy and the October Showdown	533
 SUMMARY AND CONCLUSIONS	 563
 APPENDICES	 572
 BIBLIOGRAPHY	 585

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List of Tables

	<u>Page</u>
1:1 Volume of Trade between Britain and Her Colonies for 1773 and 1714-1773.	17
1:2 Demographic Profile of Grenada for Select Years in the Eighteenth Century.	18
1:3 Sugar Exports from the British, French, Dutch and Danish West Indies compared to Sugar Production in Cuba (tons).	28
1:4 Size and Numerical Growth of the Grenadian Peasantry (1929-1961).	29
2:1 Electoral Performance of GULP (1951-1976).	50
2:2 Debt Allegations Made Against Gairy (1952-1965).	57
2:3 Gross Domestic Product by Industrial Origin: 1961, 1965-1970.	70
2:4 Gross Domestic Product at Factor Cost (1961-1967).	70
2:5 Distribution (Nos. and Acreage) of Holdings (farms) by Size Group, 1961.	72
2:6 Proportion of Land Cultivated by Size Groups.	72
2:7 Balance of Visible Trade (1960-1978).	74
2:8 Quantities and Value of Selected Food Imports in 1972.	75
2:9 Central Government Debt (1973-1978).	76
2:10 Domestic Exports - Direction of Trade (1969-1978).	77
2:11 Domestic Imports - Direction of Trade (1969-1974).	78
2:12 Major Export Crops (1961-1972).	79
2:13 Value and Composition of Domestic Exports (1971-1978).	80
2:14 Banana Exports and Average Price Received (1961-1978).	83
2:15 Visitor Arrivals By Country of Origin (1960-1978).	87
2:16 Net Migration (1961-1969).	89
4:1 Major U.S. Interventions in Central America (1898-1979).	198
5:1 Spread of State-Owned Enterprises.	229
5:2 Distribution of Farmers by District.	239

5:3	Percentage of Farmers in Relation to 1981 Population by District.	239
5:4	Percentage of Full and Part-time Farmers by District and For Grenada.	239
5:5	Percentage of the Total Number of Farmers Engaged in Producing Various Crops for Sale.	240
5:6	Frequency of Problems Experienced by Farmers by District.	242
5:7	Problems Experienced by Farmers by Farm Size.	243
5:8	Distribution of 'Grenada Farms' by Divisions.	250
5:9	Funds Received by Co-operatives from Funding Agencies for 1982-1983.	256
5:10	CDB Lines of Credit to GDB and Lending Performance.	273
5:11	Data on Housing in Grenada.	284
5:12	Grenada: Value, Volume and Unit Value of Agricultural Exports.	288
6:1	Index of Tourist Irritation.	317
6:2	Tourism Accommodation Facilities and Capacity (Rooms), 1983.	326
6:3	Annotated Data on Selected Caribbean Airports.	337
6:4	Projection for Visitor Arrivals (Stay-over) in Grenada (1981-1990).	339
6:5	Grenada: Cash Flow Projections for Airport.	340
6:6	Distribution of Craft Materials in Grenada and their Possible Product Lines.	348
6:7	Grenacraft: Performance Indicators, 1982.	350
6:8	Total Quantity of Local and Imported Food stuffs and Beverages Consumed by Catering Establishments in Grenada (1983 Survey).	355
6:9	Tourist Arrivals (Stay-over visitors) by Country of Residence (1976-1986).	362
6:10	Grenada - Cruise Ship Data/Number of Yacht Calls (1976-1986).	362
6:11	Number of Nights Spent in Grenada (by Nationality).	362
6:12	Expenditure Patterns of Tourists (by Nationality).	365
6:13	Stay-over Arrivals in the Caribbean (1980-1984).	365

6:14	Visitor Satisfaction/Dis-satisfaction with Grenada's Tourism Product by Market.	370
7:1	Performance of State Enterprises, 1982.	401
7:2	Summary Accounts of Commercial Banks (1978-1983).	410
7:3	Distribution of Tax Holiday to Different Groups of Enterprises.	419
7:4	Distribution of Tax Relief to Businessmen Investing in Grenada.	420
7:5	The Structure of Manufacturing Industries in 1982.	435
7:6	Investments and Savings (1980-1986).	446
7:7	Trends in Industrial Export - Selected Items (1979-1982).	448
7:8	Distribution of Bank Credit by Sector (1976-1982).	449
7:9	Imports of Manufactured Goods (1975-1982).	450
7:10	Grenada - Composition of Money Supply (1975-1982).	452
8:1	Grenada's Growth since the Revolution: Dynamic of Gross Domestic Product (1979-1983).	484
8:2	Sectoral Distribution of Real Gross Domestic Product (1979-1981).	485
8:3	Composition of Exports (1979-1983).	489
8:4	Composition of Imports (1980-1981).	490
8:5	Distribution of Persons met in the 1982 Unemployment Census by Status and Parish.	492
8:6	Wage Increases in 1981 (% increase in nominal wages).	495
8:7	Price Increases (%) For Selected Items (1980-1981).	496
8:8	Grenada: Sectoral Growth Rates of Real GDP (1979-1983).	501
8:9	Grenada: Trends in Production, Absorption, and The Resource Gap (1979-1983).	502
8:10	Grenada: Nominal and Real Gross Domestic Product (1975-1982).	503
8:11	Grenada: Summary of Balance of Payments (1979-1983).	506
8:12	Grenada: Balance of Payments (1975-1982).	507
8:13	Grenada: Structure of External Debt.	510

8:14	Grenada: Summary of External Public Debt Operations (1979-1983).	514
8:15	Grenada: Summary Operations of the Central Government (1979-1983).	515
8:16	Grenada: Trends in Selected Price and Wage Indices (1980-1983).	517
8:17	Grenada: Population Trends (1970, 1981-1984).	519
8:18	Conditions which Improved, Remained the same, or Worsened under the PRG.	524
8:19	Did Conditions Under The PRG Improve, Remain the Same or Get Worse?	524
8:20	Grenada: Structure of Wages by Industry and Occupation, 1984.	526

List of Figures

		<u>Page</u>
2:1	The Process of Capital Accumulation in the Lewisian Closed Economy.	64
4:1	The Political Organization of the People's Revolutionary Government.	215

List of Appendices

		<u>Page</u>
4:A:1	The Process of Becoming a Full Member of the NJM Party.	572
5:A:1	Managerial Structure of the Grenada Farms Corporation.	574
5:A:2	List of Co-operatives Instituted by the PRG.	575
5:A:3	Capital Expenditure in Agriculture for 1982 (Planned and Actual).	577
6:A:1	Estimated Economic Impact of Tourist Expenditures: 1967.	578
6:A:2	Remarks Made By Visitors About Grenada's Restaurants.	579
7:A:1	List of Products Considered in the Technical and Material Supplies Plan 1983.	580
7:A:2	List of Potential Industries.	581
7:A:3	Enterprises Granted Government Concessions (1980-1983).	583

List of Abbreviations

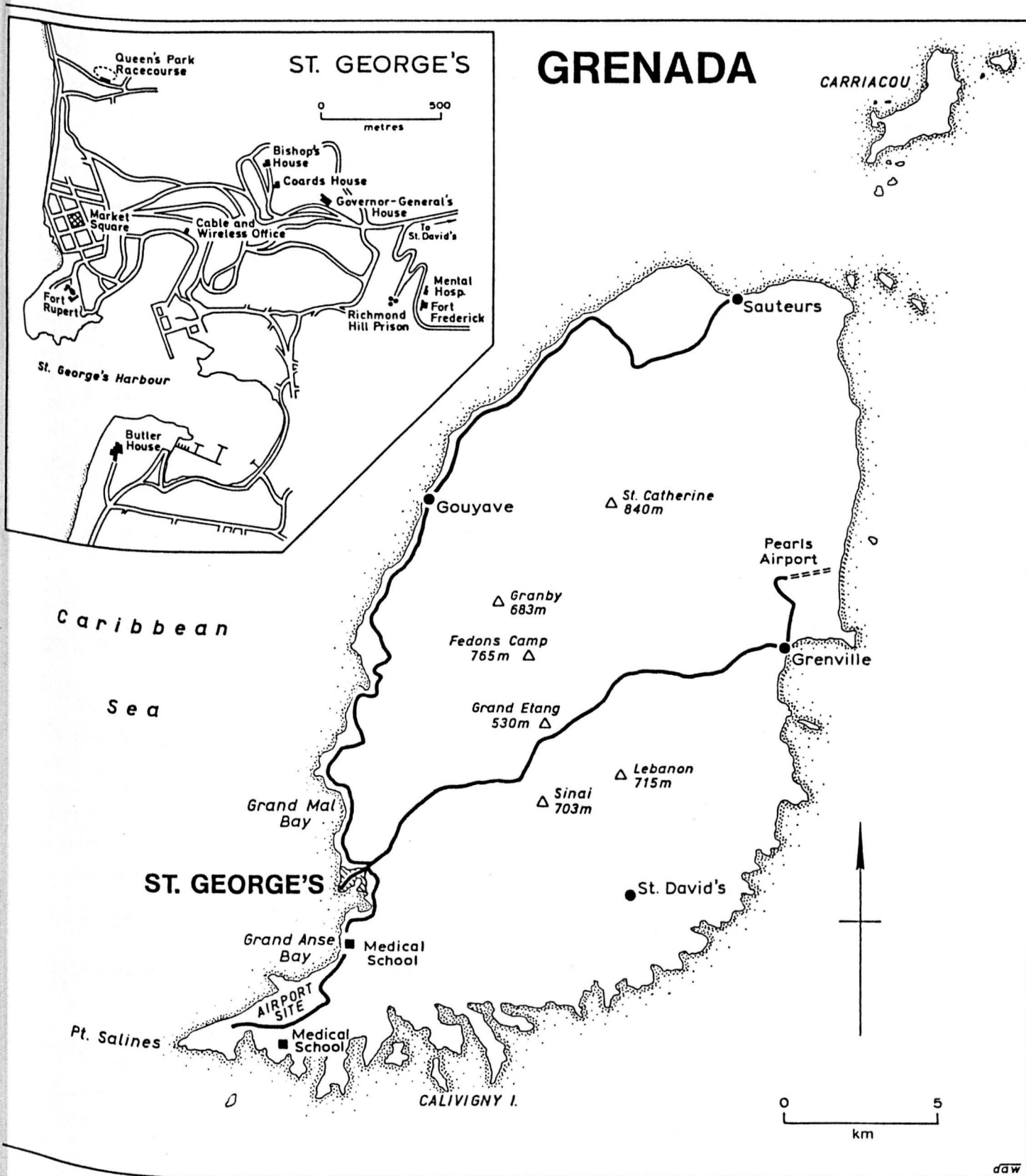
AIC	Agricultural and Industrial Credit
BDD	British Development Division
BWIA	British West Indian Airways
CIDA	Canadian International Development Agency
CBI	Caribbean Basin Initiative
CARICOM	Caribbean Community
CDB	Caribbean Development Bank
CTRC	Caribbean Tourism Research Centre
CC	Central Committee
CIA	Central Intelligence Agency
CPE	Centre for Popular Education
CIWU	Commercial and Industrial Worker's Union
CPSU	Communist Party of the Soviet Union
CSDP	Community School Day Programme
CMEA	Council for Mutual Economic Assistance
ECCB	Eastern Caribbean Central Bank
ECCA	Eastern Caribbean Currency Authority
ECLA	Economic Commission for Latin America
EEC	European Economic Community
EFF	Extended Fund Facility
FIC	Farm Improvement Scheme
FAO	Food and Agricultural Organisation
FDC	Forestry Development Corporation
GDR	German Democratic Republic
GAIDC	Grenada Agricultural and Industrial Development Corporation
GAI	Grenada Agro-Industries Ltd
GCIC	Grenada Chamber of Industry and Commerce

GDB	Grenada Development Bank
GFNC	Grenada Food and Nutrition Council
GHA	Grenada Hotel Association
GIC	Grenada Investment Code
GMMWU	Grenada Manual and Mental Worker's Union
GNIH	Grenada National Institute of Handicrafts
GNP	Grenada National Party
GNCA	Grenada Nutmeg Co-operative Association
GRC	Grenada Resorts Corporation
GFC	Grenada Farms Corporation
GULP	Grenada United Labour Party
GDP	Gross Domestic Product
ISER	Institute of Social and Economic Research
ICAO	International Civil Aviation Organisation
IFAD	International Fund for Agricultural Development
IMF	International Monetary Fund
JEWEL	Joint Endeavour for Welfare, Education and Liberation
LIAT	Leeward islands Air Transport
LPGC	Livestock Production and Genetic Centre
MNIB	Marketing and National Importing Board
MBPM	Maurice Bishop Patriotic Movement
MAP	Movement for Assemblies of the People
NCB	National Commercial Bank
NACDA	National Agricultural and Co-operative Development Agency
NFC	National Fisheries Corporation
NISTEP	National In-Service Teacher Education Programme
NTS	National Transport Service
NIEO	New International Economic Order
NJM	New Jewel Movement
NNP	New National Party

OAS	Organisation of American States
OECS	Organisation of Eastern Caribbean States
OPEC	Organisation of Petroleum Exporting Countries
OREL	Organisation for Research, Education and Liberation
OPIC	Overseas Private Investment Corporation
PRA	People's Revolutionary Army
PRG	People's Revolutionary Government
RFG	Radio Free Grenada
RMC	Revolutionary Military Council
SWWU	Seamen and Waterfront Worker's Union
SIC	Small Industry Credit
TAWU	Technical and Allied Worker's Union
UNCTC	United Nations Centre on Transnational Corporations
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UPP	United People's Party
US	United States
USAID	United States Agency for International Development
USICA	United States International Communications Agency
UWI	University of the West Indies
WHO	World Health Organisation
WINBAN	Windward Islands Banana Growers Association
WTO	World Tourism Organisation

THE CARIBBEAN BASIN





INTRODUCTION

On March 13, 1979, an unprecedented event took place on the tiny 133 square-mile island of Grenada (with an estimated population of 110,000). For the first time in the history of the Anglophone Caribbean a government was removed from power by extra-parliamentary means. This was the regime of Sir Eric Matthew Gairy - a regime which was notorious for its repression, corruption, electoral fraud, and its neglect of the Grenadian economy and social services.

The small New Jewel Movement (NJM) party which executed the coup d'état enjoyed political power for four-and-a-half years until it met its tragic demise in October 1983 after an internecine power struggle within the party which led to the barbaric massacre of the Prime Minister (Maurice Bishop), three of his loyal Cabinet ministers (Jacqueline Creft, Unison Whiteman, and Norris Bain) and an unknown number of supporters. This crisis provided the perfect pretext for the U.S. invasion which followed less than one week later.

These events have generated a plethora of publications from writers from both inside and outside of the region. So voluminous is this literature that a reviewer of a sample of these books was led to pen: 'Since the revolution of March 13, 1979, and subsequent to the invasion of October 25, 1983, more has probably been written on Grenada than in all its previously recorded history'.¹ But despite this burgeoning body of writing there is as yet no substantive, definitive, and systematic study on the Grenadian economy during the revolutionary period.²

Questions such as the following have either not been broached or (when broached) they have been considered at a highly general and superficial level:

- (i) What were the main features of the development strategy of the People's Revolutionary Government (PRG)?
- (ii) On what conceptual and theoretical premises was the strategy predicated?
- (iii) What was the role of the private sector in the strategy? To what extent did they accept the role assigned to them?
- (iv) What were the major initiatives undertaken in each of the leading sectors (agriculture, tourism, and manufacturing) of the economy and how successful were they?
- (v) How did the economy perform on a macroeconomic scale?
- (vi) What role, if any, did economics play in the demise of the revolution?

It is this lacuna which has prompted the present study. It is hoped that the material assembled in the various chapters will provide insights into these issues as well as explore the problems of economic transformation for small Caribbean island economies.

The thesis is comprised of 8 chapters. The first two chapters seek to provide some background information on the type of economy inherited by the PRG. In more specific terms, chapter 1 traces the type of economic structure which was implanted by the Colonial Powers (France and Britain) and the implications of this structure for growth and development in the domestic economy. Chapter 2 continues with this theme by examining the contribution of Gairicism to the country's socio-economic problems. The rise of the NJM is also broached in this chapter. The next two chapters (3 and 4) seek to provide insights into the theoretical currents which informed the strategy of development espoused by the PRG. The ideas of

the leading members of the New World Group are critically evaluated in the third chapter while the fourth examines the main characteristics of the theory of non-capitalist development. In chapter 4 special emphasis is placed on the objective constraints to the successful operationalization of the theory of non-capitalist development in the Grenadian context. The next four chapters constitute the core of the study. Chapter 5 is devoted to the agrarian policies of the PRG. An attempt is also made to evaluate the performance of this vital pillar of the Grenadian economy. In chapter 6 the tourism strategy of the PRG as well as the performance of this sector are examined. The chapter is prefaced with a conceptual discussion on the role of tourism in development. The object of this discourse is to point out the economic, socio-cultural, political, and environmental issues which a commitment to tourism on the scale envisaged by the PRG raise for a small, left-ward leaning country like Grenada and the implications of the government's tourism strategy for the transition to socialism. Chapter 7 provides an indepth analysis of the relationship between the private sector and the PRG. Such an investigation is necessary given the pivotal role of the private sector in the government's development strategy. As such the chapter traces the development of the relationship between the two entities - a relationship which the author has described as 'uneasy'. The major sources of tensions and conflicts are identified as well as the challenges and difficulties which industrialisation poses for small, backward, underdeveloped countries like Grenada. The final chapter pulls together the material assembled in the earlier chapters to provide a macroeconomic review of the economy. Among the principal macroeconomic indicators examined are unemployment, inflation, economic growth (measured in terms of GDP), balance of payments and external public debt developments. Chapter 8 also discusses the role of economics in the demise of the PRG, pointing to a cumulating crisis which had its origins from as early as the latter part of 1981.

METHODOLOGY

Several methods of investigation were utilised in order to obtain data and information for this study.

A period of four months was spent in Grenada, Barbados, Antigua, St. Lucia, Trinidad, and Jamaica between April and August 1987. During this time indepth interviews were conducted with a number of Grenadians (comprising leading members of the private sector, politicians from different sides of the political spectrum including survivors of the PRG, technocrats who served under the PRG, workers and small farmers), development specialists at the Caribbean Development Bank (CDB), academics at the University of the West Indies (UWI) and several 'internationalist' workers who were recruited to Grenada during the period of the revolution - many of whom held executive positions in the PRG administration.

Vital information was also obtained from the Grenada Documentation Centre, the CDB library, the public library in Grenada, the Institute of International Relations at UWI (St. Augustine Campus) the Economic Commission for Latin America and the Caribbean in Port of Spain, Trinidad, and the Institute of Social and Economic Research (Eastern Caribbean Division, Cave Hill, Barbados). These included policy statements of the PRG, reports and documents written on the Grenadian economy by the World Bank, International Monetary Fund (IMF), CDB, Commonwealth Secretariat, Economic Commission for Latin America (ECLA) as well as various newspaper articles.

Extensive use was also made of the NJM documents which were confiscated by the U.S. government in the wake of the invasion. To supplement those published by the US State Department in 1984, further research into the

NJM records was undertaken at the US reference library in London in April 1988. The secondary data which form the basis of the first four chapters was obtained from library research in the West Indies and the United Kingdom.

Finally, it is worth noting that an enterprise of this kind is never a smooth, problem-free operation. In the process of trying to obtain the necessary information for the project a number of problems and difficulties were encountered, particularly during the field research phase. Top of the list was the problem of gaining access to the wealth of materials housed in some of the organisations which I visited, most notably the CDB library. For the most part access was 'denied on the grounds of the inherent 'confidentiality' of the various reports and documents which the library had in its custody. As it turned out, this denial was not severe enough to jeopardise the research project. For I later discovered that what was regarded as sensitive and confidential in one quarter could be readily obtained in other quarters. More intractable, however, were problems encountered in my desperate efforts to obtain information via interviews and discussions with personnel with intimate knowledge about the revolution and the development problems of the region (especially the former), the problem of trying to survive on a paltry stipend (£330 per month) in tourism-propelled economies whose cost structures seem to be chronically impaired by the tourism industry itself and, finally, security-related problems experienced in Grenada. (On one occasion I was physically assaulted and brutally intimidated by a young man who claimed he was an ex-member of the People's Revolutionary Army (PRA). At the time I was in the process of conducting an interview with the proprietress of the celebrated Grenadian restaurant 'Mamas'). As a result of the various problems encountered in the field, I was obliged to return to the U.K. two months before my original schedule.

1. P. Sutton, 'Grenadian Callaloo: Recent Books on Grenada', Latin American Research Review, vol XXIII, No.1, 1988, p134.

See also, Institute of International Relations, Independence for Grenada: Myth or Reality? (Institute of International Relations, St. Augustine, University of the West Indies, 1974) for evidence of the paucity of research work on Grenada as late as 1974. It was precisely for this reason that the Conference Committee decided to publish the Conference proceedings, despite their unscholarly nature.

(See Forward to Independence For Grenada: Myth or Reality).

2. The glaring omission was also recognised by Sutton (1988) who concluded his review by pointing out 'the need of urgent research of the economy under the PRG'. (P. Sutton, op.cit., p151).

Chapter One

THE INTEGRATION OF GRENADA INTO THE WORLD ECONOMY

The Beginnings Until 1838

When Christopher Columbus sighted and claimed Grenada for Spain in 1498 the island was inhabited by Carib Indians. The early writings of Europeans, particularly Columbus himself, described these people as a group of savages, nomads, and cannibals. It is believed that they wandered to Grenada and to other islands in the West Indies by land and sea from South America.

The economic, social and political organisation of Carib society was quite simple. According to Franklin Knight, it:

'... reflected both their military inclination and immigrant status. Villages were small and comprised members of an extended family. The leader of the village, often the head of the family, supervised the food-gathering activities, principally fishing and cultivating. He also settled internal disputes and served in a military group of the most experienced and accomplished in that activity, which led the raids on surrounding groups.'¹

In terms of mode of production analysis, this type of organisation was essentially a primitive communal mode. Production was oriented towards consumption rather than sale. Land, sea, and hunting grounds represented the principal means of production and these were held communally. Agriculture constituted the backbone of Carib economy. Fishing and

hunting played only a supplementary role in their subsistence. Some writers contend that human flesh was also regarded as a staple food. However, it appears that the flesh of their enemies was eaten ritualistically rather than as a staple product.² Division of labour existed but it was mainly between the sexes.

Despite the numerous attempts of Europeans to bring Grenada into the orbit of the world economy, the Caribs managed to keep them at bay until 1650. With the advent of the French and English their society was completely transformed to facilitate the needs of European nascent capitalism. The natives were mercilessly decimated and, in some instances, expelled to Dominica and St. Vincent by the end of the seventeenth century. It is recorded that the last group, comprising about forty Caribs, jumped from a cliff (presently called La Morne des Sauteurs - translated as Leaper's Hill) into the sea to their death rather than succumb to the tyranny of the colonizers.³

Although Grenada officially belonged to Spain the Spanish did not make any attempt to settle the island. They were too pre-occupied with the extraction of gold and silver from the mines of the mainland territories of Mexico and Peru. The big islands in the Caribbean were used to provide cattle, cassava, corn, tobacco and other basic provisions. Strategically, the whole archipelago was important to Spain for the trade between Seville and Spanish America passed through the islands.

By the early seventeenth century, the Spanish hegemony in the Caribbean was seriously challenged by other European powers, most notably the French, English and Dutch, who were all desirous of gaining access to the potential wealth of the colonies.⁴ They all shared this basic goal but they went about it in different ways. For Spain the acquisition of

precious metals was the chief source of wealth. For the English and French the production of tropical agricultural staples for export was an even more durable basis. In stark contrast, the Dutch were primarily interested in trade. They soon became the foremost suppliers of African slaves, plantation supplies, credit, and even technical expertise to their counterparts in the New World.

By the end of the seventeenth century, the British had successfully colonised several West Indian territories, including St. Kitts, Nevis, Montserrat, Antigua, Barbados, Anguilla and Jamaica. The French were quick to follow suit. Their colonies included St. Lucia, St. Croix, Tobago, Cayenne (a part of Guiana), Martinique, Guadeloupe and Saint Domingue. So intense was the quest for colonial wealth that these nations were prepared to go to war for control of the tiniest territory. The acrimonious rivalry which loomed between France and England during the seventeenth and eighteenth centuries is an instructive case in point. It was the English who established the first settlement in Grenada. This was done from as early as 1608 but this attempt was thwarted by the Caribs who were bitterly opposed to any form of colonial domination. In 1650, the French claimed ownership of the island. From 1756 to 1763, Britain and France fought the Seven Years' War during which Grenada was captured by the British. The island was subsequently ceded to Britain in 1763. In 1779, the French recaptured Grenada. The struggle for supremacy in Grenada between these two imperial nations continued until 1783, when the territory finally became a part of the British Empire.

The resistance of the Caribs to European intrusion as well as the struggle between the two great European powers attest to the tremendous value which was attached to the sugar colonies during this period. The situation contrasts sharply with Britain's and France's attitudes towards the West

Indian region today. In the words of an eminent West Indian scholar:

'The West Indian colonies assumed an importance that appears almost incredible today, when one looks at these forgotten, neglected, forlorn dots on the map, specks of dust as de Gaulle dismissed them, the haggard and wrinkled descendants of the prima donnas and box office sensations of two hundred years ago'.⁵

When analysed in the context of the profound social and economic changes which were taking place in Europe from the late sixteenth century onwards the rivalry between the colonizers can easily be appreciated. By this time capitalist market relations had invaded the rural manor which was the dominant institution under feudalism. These market relations put an end to the economic self-sufficiency of the manor and agriculture increasingly became a capitalistic venture in which the unceasing quest for profits became the overriding principle governing production.⁶

A new epoch had begun. As Marx flamboyantly put it:

'The discovery of gold and silver in America, the extirpation, enslavement and entombment in mines of the indigenous population of that continent, the beginnings of the conquest and plunder of India, and the conversion of Africa into a preserve for the commercial hunting of blackskins, are all things which characterise the dawn of the era of capitalist production. These idyllic proceedings are the chief moments of primitive accumulation.'⁷

Brutal and cruel as this scenario may sound it was also believed to be

simultaneously progressive. European capitalism would eventually transform these pre-capitalist societies in its own image. Obstacles to (capitalist) development would be cleared away and techniques, institutions and other pre-conditions for a "take-off" would be substituted and fostered. In this sense capitalism was also a 'modernising' and 'integrating' force. Any judgment as to whether Marx was right or wrong in his prediction must take into consideration the time dimension he had in mind.

This marked the beginning of the present international division of labour. From the outset possessions such as Grenada were regarded as valuable adjuncts to the metropolitan powers. Above all, they could provide well-needed raw materials (especially those that could not be easily produced in the temperate climate of the north) for their emerging industries. The colonies could also function as an outlet for the manufactured products of the 'mother-country'.⁸ To cite the remark of an eighteenth century agronomist, Arthur Young:

'The great benefit resulting from colonies is the cultivation of staple commodities different from those of the mother-country, that, instead of being obliged to purchase them off foreigners at the expense possibly of treasure, they may be had from settlements in exchange for manufactures.'⁹

This passage by Young reflects the essence of mercantilism --- the economic orthodoxy of the day. Central to the doctrine was the notion of a favourable balance of trade, i.e. --- a situation such that the amount of treasure or money payments flowing into the country exceeds the amount leaving. Thus government policies were geared towards stimulating the export of goods and services (particularly processed goods) and discouraging imports, especially if they compete with home produced goods.

Monopoly privileges were given to traders to ensure that they could buy goods at the cheapest possible price and sell as dear as possible. Imports from the colonies were in effect an extension of the 'mother country's' exports (actual or potential)¹⁰. It was very important that the colonies did not compete with the metropole. Their consumption and production requirements should be met solely by imports from the metropole.

If these policies were strictly applied then the wealth of the colonising power would be augmented. And there can be no doubt that the regulations were effective. It is for this reason that Sir Dalby Thomas could boast in 1690 that every Briton in the West Indies was many times more precious than those who remained in Britain:

'Each white man, woman, and child, residing in the sugar plantations, occasions the consumption of more of our native commodities, and manufactures, than ten at home do -- beef, pork, salt, fish, butter, cheese, corn, flour, beer, cyder, bridles, coaches, beds, chairs, stools, pictures, clocks, watches, pewter, brass, copper, iron vessels and instruments, sail-cloth and cordage, of which, in their building, shipping, mills, boiling, and distilling - houses, field- labour and domestic uses, they consume infinite quantities.'¹¹

In general, Grenada, if belatedly, took part in this process and followed the pattern of production which was set by the plantocracy in Barbados, one of the earliest and most successful English colonies. The settlers who went there in 1672 under the auspices of Sir William Courteen experimented with tobacco and cotton, grown on small-scale plantations

with white indentured European labour. As the price of these staples declined they established large - scale plantations for the production of sugar. By the 1640s the 'sugar revolution' was in full swing in Barbados. In Grenada the transformation came much later. Indeed, sugar did not become 'king' in the island until after 1763 - the year when it became a part of the British empire.

The development of the sugar industry came to be intimately associated with slave labour in contradistinction to the wage-nexus which characterised production in the metropole. This was despite the obvious limitations of the former. To cite Adam Smith:

'the work done by slaves, though it appears to cost only their maintenance, is in the end the dearest of any. A person who can acquire no property can have no other interests than to eat as much, and to labour as little as possible'.¹²

Apart from their natural inclination to undermine (in whatever form they could) the system which oppressed them, slave labour was also inimical to the development of scientific and technological progress. There was a fundamental and irreconcilable conflict between what slave owners found to be politically expedient for their survival and what was economically desirable as far as profit augmentation was concerned. The former forced them to suppress and stultify the intellect of their labour force - keeping them ignorant, untrained, and uneducated. The latter called for policies aimed at raising productivity such as the application of scientific techniques to farming, crop rotations, and the deployment of high quality machines and agricultural implements. Moreover, unless supervision was adequate, tight, constant, and systematic (with all the implications this had for costs) there was no guarantee that slaves would

carry out even the most basic of tasks. If the masters resorted to severe punishment (to encourage obedience) and poor diets (to reduce costs) they would be undermining the productivity and life-span of the very source of their wealth.

Notwithstanding these clear disadvantages slavery was regarded as a rational choice. Slaves were available in large quantities, and were relatively cheap compared to the price of free labour¹³ and indentured servants. In general it was reliable so long as it was closely supervised. Since slaves were regarded as a part of the planter's capital stock they did not have rights as such. This gave their owners complete control over their destinies - an advantage which could not be procured from a free labour force. The gains sacrificed in productivity as a result of the unskilled, inefficient and unversatile nature of slave labour could at least be partially offset by the economies of scale which are associated with large-scale staple production. As one authoritative source puts it:

'the same Buildings and many incidental charges are much the same for an Estate that makes 50 or 60 hogsheads of Sugar yearly as one that makes 100, so that little more is wanting than a greater strength of Negroes and Cattle, in proportion to the Quantity.'¹⁴

Long's remark attests to the relatively huge outlay of resources which were required to enter the business of sugar production. Apart from buildings, land, and labour, finance was needed to purchase foodstuffs, tools, animals, and to meet all expenses which were entailed in the marketing and distribution of the produce. The bulk of this capital came from the merchant class - many of whom were based in the large merchant houses of Britain. This client-debtor relationship is brilliantly

analysed by L. Ragatz in his The Fall of The Planter Class, (1928). He demonstrated quite clearly how the increasing indebtedness of the planters to the merchants contributed towards the demise of the former.

English merchants dominated the slave trade between Africa and the colonies until 1807 when it was abolished. The trade was first monopolised by the Company of Royal Adventures which was founded in 1663. In 1672 another company called the Royal African Company was established. This was subsequently replaced by a new organisation termed the Company of Merchants Trading to Africa. According to Eric Williams:

'the slave trade was more than a means to an end, it was also an end in itself. ... Britain was not only the foremost slave trading country in the world, she had become ... the 'honourable slave carriers' of her rivals'.¹⁵

The extreme openness and dependence of sugar colonies like Grenada on the rest of the world can be gauged from the fact that land was the only indigenous input. Since the plantations were all producing the same thing there was very little economic intercourse between them. The colonists were so eager to amass great fortunes that they devoted every inch of arable land to the production of export staples. Most of the basic food provisions were therefore imported. Towards the mid - seventeenth century an observer had this to say about the West Indies:

'Men are so intent upon planting sugar that they had rather buy food at very dear rates than produce it by labour, so infinite is the profit of sugar works after once accomplished.'¹⁶

This specialisation suited New England farmers, British shipping, British sugar refinery and other related industries.

The tremendous growth and domination of the Grenadian economy by export agriculture can be gleaned from the following statistics. In 1700 a total of 3 sugar estates, 52 indigo plantations, 64 horses, and 569 cattle was recorded. By 1753 the situation changed markedly. New crops were introduced (cocoa, coffee and cotton cultivation started in 1714) and indigo production appeared to have either become relatively insignificant or went out of existence all together. The figures presented in the 1753 census reads as follows: 83 sugar estates, 2,725,600 coffee trees, 150,300 cocoa trees, 800 cotton trees, 2,298 horses and mules, 2,556 cattle, 3,278 sheep, 902 goats, and 331 hogs.¹⁷ In 1774 the island exported 8,968 tons of sugar. This figure represented twice the amount that was exported in 1763.¹⁸ In 1770 the value of total exports from the island amounted to a staggering £506,709 --- some 90% of which went to Britain and Ireland.¹⁹ During this time this tiny colony earned the reputation of being one of Britain's most treasured possessions. Infact it was rated second after Jamaica.

What a sharp contrast to the situation of the island in 1700 and how splendid a confirmation of the remark made by Père Labat in that same year when he visited the colony:

'The English know better than we how to profit by natural advantages. If Grenada belonged to them, it would long since have changed its aspect, and have become a rich and powerful colony, whereas, up to the present time, we have not reaped any of the benefits which ought to have been derived from it, and after so many years of possession we behold it still no better than a desert, deficient in population, void of all accommodation, without commerce, poor, and with ill-built and worse

furnished hovels to represent dwelling - houses --
 - in a word, scarcely better than it was when M.
 Du Parquet purchased it from the savages'.²⁰

Further evidence of the paramount importance of Grenada to its 'mother country' can be detected from table 1:1 (presented below). The table shows trends in Britain's imports from, and British exports to her colonies during the eighteenth century. Grenada's worth vis-à-vis the other British colonies is also striking.

Table 1:1 Volume of Trade between Britain and her colonies for 1773 and 1714 - 1773

Colony	Imports from (1773)	Exports to (1773)	Imports from (1714-1773)	Exports to (1714-1773)
Total British	11,406,841	14,763,252	492,146,670	730,962,105
Antigua	112,779	93,323	12,785,262	3,821,726
Barbados	168,682	148,817	14,506,497	7,442,652
Jamaica	1,286,888	683,451	42,259,749	16,844,990
Montserrat	47,911	14,947	3,387,237	537,831
Nevis	39,299	9,181	3,636,504	549,564
St. Kitts	150,512	62,607	13,305,659*	3,181,901*
Tobago	20,453	30,049	49,587(A)	122,093(A)
Grenada	445,041	102,761	3,620,504(B)	1,179,279(B)
St. Vincent	145,619	38,444	672,991	235,665
Dominica	248,868	43,679	1,469,704(C)	322,294(C)
Tortola	48,000	26,927	863,931(D)	220,038(D)
Carolina	456,513	344,859	11,410,480	8,423,588
New England	124,624	527,055	4,134,392	16,934,316
New York	76,246	289,214	1,910,796	11,377,696
Pennsylvania	36,652	426,448	1,115,112	9,627,409
Virginia & Maryland	589,803	328,904	35,158,481	18,391,097
British West Indies	2,830,583	1,270,846	101,264,818	45,389,988
Mainland Colonies	1,420,471	2,375,797	55,552,675	69,903,613
Africa	68,424	662,112	2,407,447	15,235,829

* 1732-1773, (A) 1764 - 1773, (B) 1762 - 1773 (C) 1763 - 1773, (D) 1748 - 1773

Source: E. Williams, From Columbus to Castro, p. 151.

The magnitude of Grenada's contribution to British trade during this period was colossal not only by the standards of other British West Indian

territories but also when compared to her other colonies. In the heyday of the sugar industry in Grenada (take the year 1773, for instance) Grenada alone was responsible for as much as 15.7% of Britain's imports from the West Indies. The island's supply of 445,041 to Britain in 1773 was almost double that of the New England colonies (124,624), New York (76,246) and Pennsylvania (36,652) put together. From table 1:1 a clear picture of the significance of the 'triangular trade' also emerges (i.e. the trade from Britain to West Africa, then to the West Indies, and from the West Indies back to Britain). According to one source this trade contributed at least 36% to the total commercial profit reaped by Britain towards the end of the seventeenth century.²¹

The transformation which Grenada experienced since 1700 is also reflected in the social and demographic structure of the island (See table 1:2).

Table 1:2 Demographic Profile of Grenada for Select Years in the Eighteenth Century

Year	Whites	Slaves	Ratio of Whites to Slaves
1700	251	525	1:2
1753	1,263	11,991	1:9
1763	1,225	12,000	1:10
1771	1,661	26,211	1:16
1777	1,324	35,118	1:27
1783	996	24,620	1:25

Source: E. Williams, From Columbus to Castro, p. 105.

It can be easily deduced from table 1:2 that the British imported far more slaves than the French (compare the pre-1763 period with the post - 1763 period). These figures reveal a tremendous disparity in the racial composition of the island. This pattern was consistent with the other sugar-producing territories in the French and British West Indies.

Jamaica in 1778, for instance, had 18,420 whites and 205,261 slaves --- a ratio of over eleven slaves to each white.²²

The rest of Grenada's population was mainly comprised of 'coloureds'. It is estimated that there were 451 coloureds in 1771. By 1787 they expanded to 1,115. The number leaped to 3,786 by 1829.²³ They were the inevitable products of the plantation system - a system in which slaves provided not only free labour for their owners but the women were also obliged to satisfy their sexual whims and fancies.²⁴

What emerged over time was a 'caste-like' system with people possessing varying degrees of Caucasian blood. Each degree was jealously guarded since it had clear and direct implications for their status and privileges. The offspring of a negro woman and a white man gave rise to a mulatto, that of a mulatto and a white resulted into a quadroon, that between a quadroon and a white was termed a mustee, and that between a mustee and a white was labelled a musteefino. The distinctions did not end here. However, up to the level of musteefino the child was legally free at birth if his mother was a slave. Beyond this point manumission generally came at a later stage in the individual's life. Manumission was generally bestowed on those who provided special favours to their owners. It was therefore common for women to be freed on account of the sexual pleasures they provided. This largely explains why most freed coloureds' were females.²⁵

To be 'totally' black in such a society (especially when obvious from physical appearance) was an absolute curse. The penalty was intense, backbreaking toil, and contempt. 'Purity' in whiteness on the other hand generally meant dominance²⁶ as reflected in wealth, political power, education, and culture. All non-British culture, including French, was stigmatised. This was one of the reasons for the severe social and political disabilities which were meted out to the French in Grenada once

the island was ceded to Britain. The Election Act of 1792 made it compulsory for candidates to the Assembly to satisfy the following criteria:

'White skin, being over twenty-one, male, possession of fifty acres, twenty-five of which must be under cultivation, or property rented in town at four hundred pounds per annum, a national born subject, and a protestant.'²⁷

The coloured population were the buffers between the two principal antagonistic classes in the society, i.e. the whites at the top and the slaves at the base. So long as the British remained in the island and the status quo remained in existence, mobility could not transcend the rigid lines which debar the different class segments. Material circumstances may alter, the values of those at the apex of the society could be emulated but an individual could not change his race or his colour.

A society stratified along these lines (to state the obvious) is inherently unstable. Indeed, it contains the seeds of its own destruction. Its seeming stability can only be maintained by brute force and coercion. And unless vigilance of the strictest degree exists pent-up grievances and discords are likely to erupt and play themselves out in socially disruptive ways. Haiti, the world's foremost sugar producer in the late 18th century, provides early historical precedent of the far-reaching changes which can result from the unleashing of the revolutionary capacities of the oppressed layers of a society. The year 1791 saw the flames of revolution burst asunder when the coloured population and slave masses launched a bloody onslaught against their oppressors, under the dynamic leadership of Toussaint L'Ouverture.²⁸ After 12 years of intense struggle the French were obliged to concede independence, making Haiti the first slave colony to become independent.

This successful uprising sent shock waves throughout the other slave colonies. The awakening of the slaves and coloureds shifted into high gear. Liberty, fraternity, and equality (the watchwords of the French Revolution) must either come from above or below. In 1795-96, there was a popular slave insurrection in Grenada led by the coloured planter Julien Fedon --- a rebellion which resulted in severe damage to the plantations.²⁹ There was a whole series of other acts of major resistance in other territories such as: the revolt of the Carib population in St. Vincent in 1795, the maroon rebellion in Jamaica in 1795, a slave revolt in British Guiana in 1808, a slave uprising in Barbados in 1816, another revolt in British Guiana in 1823, and the calamitous insurrection which took place in Jamaica in the Christmas holidays of 1831. In commenting on the reason for the revolts in Jamaica, the governor of the island noted '... a desire of effecting their freedom, and in some cases of possessing themselves of the property belonging to their masters - could have influenced their conduct.'³⁰

Yet resistance from what was generally regarded as the 'docile', 'passive' and 'obedient' slave was not the only form of instability or threat to the plantations. Natural disasters, wars, and the policies of the metropole were just as menacing.

In Grenada, for instance, the capital St. George's was severely destroyed by fire on three separate occasions (in 1771, 1775 and 1792). This tragedy eventually forced the Legislature to pass an Act to prescribe the types of materials which should be used in the construction of any building in the town. Durable materials such as bricks, stones, and tiles were to replace the drab wooden buildings which predominated.

The solution to the plague of ants which destroyed many plantations in the island between 1770 and 1780 was less straightforward. An eye witness left us with the following grim report:

'Their numbers were incredible. I have seen the roads covered by them for miles together, and so crowded were they in many places that the print of the horse's feet would appear for a moment or two, until filled up by the surrounding multitude.'³¹

In 1780 another hurricane hit the island but this time it did not just bring disaster. The heavy rainfall which resulted completely destroyed the defiant sugar ant --- a great blessing to the plantocracy. Had it not been for these natural disasters more wealth would have doubtless been generated by the island.

The two most critical blows to the plantations came in 1807 and 1838 when, first, the slave trade was abolished and, then, slavery itself. The first Act did not cause any great anxiety on the part of the Grenadian planters since the island was well endowed with slaves.³² The second, however, was greeted with shock and total outrage.

Eric Williams has provided us with a well-documented analysis of the factors which led the British Parliament to make these critical moves.³³ Succintly put:

'The commercial capitalism of the eighteenth century developed the wealth of Europe by means of slavery and monopoly. But in so doing it helped create the industrial capitalism of the nineteenth century, which turned round and destroyed the power of commercial capitalism, slavery, and all its works'.³⁴

In a word, slavery in the British West Indies had outlived its usefulness. It had no rationale in an era which called for the free and uninterrupted functioning of Adam Smith's 'invisible hand' of demand and supply. After

the war of American Independence (1776-1783), bankruptcies, liquidation of merchant houses, increasing unprofitability, abandonment of estates, undercultivation of plantations were very commonplace phenomena. In the case of Grenada, 14 estates were abandoned in 1805. The number steadily increased thereafter. By 1824, it was reported that of the 80 estates in St. Georges only 62 were engaged in production. In the same year, 22 of the 97 estates in St. Andrews were deserted. Of the 342 estates in the island in 1824, as many as 86 were in bush and pasture.³⁵

Change without Change

The Abolition Act was a momentous piece of legislation but, nevertheless, it was carefully designed to preserve the status quo. The thinking of the British government is evident from the following passage written by Lord Howick in 1832:

'The greatest problem to be solved in drawing up any plan for the emancipation of the slaves in our colonies is to devise some mode of inducing them when relieved from the fear of the driver and his whip, to undergo the regular and continuous labour which is indispensable in carrying on the production of sugar ... I think that it would be greatly for the real happiness of the Negroes themselves, if the facility of acquiring land could be so far restrained as to prevent them, on the abolition of slavery, from abandoning their habits of regular industry ... Accordingly it is to the imposition of a considerable tax upon land that I chiefly look for the means of enabling the planter to continue his business when emancipation shall have taken place'³⁶

What transpired after 1833 was, on the one hand, a consistent and resolute attempt to enforce this strategy (on the part of the plantocracy and their allies in the Assembly). On the other hand, the ex-slaves were determined to resist the drudgery and rigour of plantation work which they denounced as the badge of slavery. The various clauses of the Act help us to understand the loyalty of the Colonial Authorities to the planting community and its corresponding total lack of sensitivity to the interests of the ex-slaves.

First, we observe that they found it necessary to compensate the ex-slave owners with £20,000,000 in cash for the loss of absolute control over their slave property. In the case of Grenadian planters this figure amounted to £616,255. It did not dawn on them to offer some form of compensation --- however marginal --- to the ex-slaves, despite their brutal suffering and relentless toiling on the plantations for some two hundred years. Any compensation to them was considered inimical to the survival of the estates during the post-emancipation era.

Next, the Act made allowance for a period of 'Apprenticeship'. Again the interests of the plantocracy were uppermost in the minds of the British Crown. They could not cut them off abruptly from their traditional labour supply. A period of adjustment was deemed necessary and desirable. The former slaves were compelled by law to provide unpaid labour to their previous masters for three-quarters of each working week. In effect the period turned out to be:

'a period in which masters in general had tried to squeeze the last juice out of compulsory labour before the expected ruin of freedom set in, and

both masters and apprentices learned only one lesson, namely that when labour had to be bargained for, the labourers would be able to name their price'.³⁷

Not a single provision was made to prepare this backward, unskilled, illiterate, and destitute population for genuine freedom. The basic institutions and ideas which justified slavery remained firmly intact. So did the hegemony of the traditional ruling class.

The Development of the Grenadian Peasantry and Struggles of the Masses: Economic Conditions

Ever since its incorporation into the world economy land ownership in the West Indies has taken on an unprecedented significance. For the planter class it was the chief symbol of wealth and social status. The more land he possessed the greater his social standing. The indentured servants who came to the region during the sixteenth and seventeenth centuries learned about the value of land even before they left Europe. And many were lured by promises of land acquisition, the most integral part of their contract package. For the newly freed population land ownership assumed an even more profound importance. It was equated with freedom and independence. It was this intense desire for economic independence from the plantations (symbols of slavery) which created a class of 'peasants' and 'proto-peasants',³⁸ almost overnight in Grenada and elsewhere in the Caribbean. Work done on the estates after 1838 was regarded as a necessary evil to the more prestigious end of land acquisition, i.e. the opportunity to be your own boss. This was recognised by no less a person than Governor Keate of Grenada:

'The planter must be well aware that every negro to whom he is paying wages has at heart a longing and determination sooner or later to possess a piece of land of his own or at all event to hire and occupy one which he can cultivate in his own way and at his own convenience and not at his employer's dictation'.³⁹

The peasantry and proto-peasantry expanded phenomenally despite the variety of obstacles which were placed pari passu in their way. Whereas under slavery planters relied principally on naked force to maintain control over their labour force their main weapon was now political authority. Vagrancy laws were passed to restrict the movements of the unenfranchised masses. A vagrant was defined simply as 'an unemployed person or any unlicensed hawker or peddler'.⁴⁰ In general land was sold to them only as a matter of last resort. Wages were kept abysmally low. The recruitment of large numbers of indentured servants ensured that they remained depressed.⁴¹ In some cases, provision grounds were destroyed as well as fruit trees and anything which made for an alternative livelihood from the estates. By the same token, land belonging to the emergent peasantry and basic commodities consumed by them (imported rice, flour, salt meat and fish) were extortionately taxed. Similarly, land prices exhibited an upward trend.

The effects of these repressive measures and practices were easily countered by a series of circumstances which were largely outside the control of the planters. Colonies with low population densities and an inhospitable topography for large-scale sugar production provided excellent prospects for independent settlements. The Windward Islands, particularly Grenada, were aptly placed. The ex-slaves did not hesitate

to clear the mountainous interiors and bring them under cultivation. So long as land remained idle (especially Crown lands and abandoned estates) authority was defied.

The crisis which developed in the sugar industry, especially after the imposition of the Sugar Duties Act in 1846 created further opportunities. This production crisis was not caused by labour shortage per se as planters preferred to argue. The fundamental cause stemmed from their failure to keep up with the times, especially in the crucial sphere of sugar technology. With the entry of giant late-comers on the sugar scene (most notably Cuba and Brazil) and increasing competition from European beet sugar the problem became even more acute. The sugar industry in Cuba and Brazil were distinguished from the outset by its extensive utilisation of cost-saving mechanical devices. Thanks to the Industrial Revolution. Steam-powered cane-rolling and juice-clarifying machines became commonplace. Yet in the British West Indian sugar factory, with the exception of British Guiana and Trinidad, steam technology and modernisation of sugar mills was the exception rather than the general rule.⁴² The relative bankruptcy of the West Indian sugar industry, especially Grenada's share, can be detected from Table 1:3 below.

As planters became increasingly insolvent estates became either abandoned or fell into the hands of creditors. Some of these were sub-divided and sold to small cultivators.⁴³ The rest was readily bought by professionals, public officers, and merchants. In some instance, a system of share-cropping known as 'metayage' was introduced or rather instituted.⁴⁴ Many used the system as a temporary expedient for acquiring land. For others, it eventually became a way of life in itself providing security in times of hardship.

Table 1:3 Sugar Exports from the British, French, Dutch and Danish West Indies compared to Sugar Production in Cuba (Tons).

Colony	1815	1828	1882	1894
Antigua	8,032	8,848	12,670	12,382
Barbados	8,837	16,942	48,325	50,958
B. Guiana	16,520	40,115	124,102	102,502
Dominica	2,205	2,497	3,421	1,050
Grenada	11,594	13,493	1,478	3
Jamaica	79,660	72,198	32,638	19,934
Montseratt	1,225	1,254	2,314	1,801
Nevis	2,761	2,309	) 16,664	) 16,901
St. Kitts	7,066	6,060))
St. Lucia	3,661	4,162	7,506	4,485
St. Vincent	11,590	14,403	8,175	2,727
Tobago	6,044	6,167	2,518	599
Tortola	1,200	663	--	--
Trinidad	7,682	13,285	55,327	46,869
Total British West Indies	168,077	202,396	315,138	260,211
Martinique	15,814 (1818)	32,812	47,120	36,353
Guadeloupe	20,792 (")	35,244	56,592	43,041
Surinam	5,692 (1816)	11,728 (1825)	5,410 (1885)	8,023 (1895)
Puerto Rico	--	112,000 (1853)	65,000 (1886)	48,500 (1893-4)
St. Croix	20,535 (1812)	10,576 (1830)	8,482 (1880- (Average) 1890)	8,000 (1895-6)
Cuba	39,961	72,635 (1826- 1830) (Average)	595,000*	1,054,214*

* Production Figures.

Source: E. Williams, From Columbus to Castro, p.366

The number of 'independent' producers can be inferred from the declining numbers of workers employed on estates. In 1834, the figure stood at 21,445, in 1836, 16,835, (1844), 10,196, (1852), 8,349, and 8,200 in 1871.⁴⁵ And as we would expect, land owned by the peasantry was tiny, fragmented, and of marginal quality. For instance, in 1891, 83 per cent of landholdings in Grenada were under 5 acres each.⁴⁶ This lop-sided distribution continued into the twentieth century as Table 1:4 clearly illustrates.

Table 1:4 Size and Numerical Growth of the Grenadian Peasantry (1929-1961). (Acres)

Year	< 2 1/2 acres	2 1/2-5	5-7	7-10	10-100	100+	Total
1929	12,924	1,802	402	291	426	138	15,983
1932	13,946	1,700	320	210	407	134	16,717
1936	14,367	1,731	314	206	404	130	17,212

Year	< 10 acres	10	11-50	51-100	100-1000	1000+	Total
1939	18,259	54	337	66	126	1	18,843
1940	18,456	54	337	66	124	1	19,038
1945	19,592	47	267	69	130	1	20,106
1956	12,067	--	458	53	95	1	12,674
1961	13,444	--	518	42	92	-	14,096

Source: G. Brizan, Grenada: Island of Conflict, p.230

The diversification which took place in the agricultural sector after 1838 was spearheaded by the peasants. They soon discovered that multi-cropping (particularly tree crops and ground products) would minimise the risk of heavy reliance on one main product, especially in times of poor harvest.

Cocoa became the 'golden bean' of the island. By 1881, it had completely eclipsed the sugar industry. According to The Grenada Handbook, Grenada exported 5,069 bags of cocoa in 1885, containing some 900,000 to 1,000,000 pounds (weight). And from as early as in 1856 'it was in everybody's mouth that cocoa would prove [to be] the salvation of the colony'.⁴⁷

Apart from cocoa production, spices were also introduced. Extraordinary quantities of nutmegs and mace for the export market were produced. In 1889 a total of 163,520 pounds of spices, valued at £10,220, was exported.⁴⁸ Banana production came later (i.e. in 1955).

Notwithstanding the dynamism of the ex-slaves and their numerical dominance economic and political power remained firmly entrenched in the hands of the plantocracy, merchants, professionals, and state functionaries. This concentration of power ensured the perpetual exploitation of both small producers and the working class alike. The former had no control over the price of his produce. The type of relations between small and large producers may be illustrated by the way the nutmeg and sugar industries functioned before 1951.

Of a total of 6,264 nutmeg producers in 1942 there were 6,070 small producers. The producer co-operative which marketed this product had a 9-member board, 8 of which were drawn from the large producers. Participation of the small producers was confined to growing and selling the product to the co-operative at a price beyond their influence.⁴⁹ The

situation was very much the same in the Grenada sugar factory. The bulk of the cane processed by this company came from its four estates at Woodlands, Hope Vale, Bardia and Calivigny. Prices paid to suppliers reflected their status.⁵⁰ In 1942 company estates were paid \$6.03 per ton of cane, other estates received \$5.40 while peasant farmers received \$4.30. In 1945 the figures were \$5.88, \$5.72 and \$4.88, respectively.⁵¹

The lot of labourers was no better. Weak unionisation provided employers with great leverage over their subjects. Despite the labour intensiveness of the production process the wage bill bore no relationship to the cost of living.⁵² As late as 1935 wages remained exactly the same as that which was obtained in 1840. For this 100 years span the labourers were paid a pitiful 10 pence to one shilling per day.⁵³ It was not until the 1940s that these were revised upwards, thanks to the recommendations of the Moyne Commission.⁵⁴ Between 1940 and 1949 there were (all of a sudden) some 7 wage increases. The statutory minimum wage reached 82 cents for males and 68 cents for females in 1950.⁵⁵

But the fundamental issue in Grenada in 1950 was not about wage increase -- regardless of its magnitude. What was required was a far-reaching and fundamental restructuring of the institutions, structures, and mechanisms which generated and perpetuated the various disabilities (economic, social, and political) under which the Grenadian masses continued to operate. Up to this time very little had changed in the Grenadian economy, society, and polity. And this was despite the growth and expansion of a new class of 'peasants' and 'agro-proletariats', introduction of new agricultural staples, migration of a large number of whites and the belated attempt to rationalise production techniques on the estates.

Land and other critical economic resources were still monopolised by a tiny oligarchy, comprised mainly of whites (including Portuguese) and light skinned coloured people.⁵⁶ In Lewis' words:

'Slavery had been abolished, but the economic foundations of slavery, especially in the general picture of land ownership, had remained basically untouched'.⁵⁷

The pattern of production, marketing, and consumption developed along classical colonial lines. The best resources in the island were subordinated to the production of a limited number of agricultural staples which, in turn, were narrowly concentrated in distant metropolitan markets. The bulk of Grenada's needs (including manufacturing and even foodstuffs) also continue to be imported. Closely associated with this trade structure was the perennial vulnerability of the economy to external shocks, especially price instability.⁵⁸

Political Conditions

Asymmetrical relations were also prevalent in the political arena. The constitutional arrangement which characterised the slave period remained firmly intact. This 'representative' government, as it was commonly termed, was comprised of a Governor (appointed by the Crown), an Executive Council (nominated by the Governor and appointed by the Crown), and a House of Assembly (made up of elected members). This system of government was justified by the notion that slaves were property --- not free persons with rights to be observed and exercised. The change in the status of the slaves consequent on the Emancipation Act called for an appropriate constitutional amendment. But restrictive qualifications, based primarily on property ownership and other wealth-oriented criteria, ensured their

exclusion.

Some of the defects of the Old Representative System as it manifested itself in Grenada in the first couple decades after Emancipation are captured in the following passage:

'The meetings of the House of Assembly were characterised by the free use of personal invective and the subordination of public to private interest. The administration of the Government became a series of struggles to induce the Legislature to take action upon matters affecting the well-being of the colony, resulting more frequently in failure than in success, and, even when successful, the object in view was often defeated by amendments drafted upon the original scheme during a stormy passage through the House. It was evident that a sweeping change was necessary, and to this end the best efforts of all who really had the interests of the colony at heart were directed'.⁵⁹

A new constitution was adopted in 1875 with the advent of Crown Colony rule. This system of government purported to constitute a more accurate representation of the interests of the various competing classes.⁶⁰ Elections were abolished and power was concentrated in the hands of the Imperial Crown. At the local level the official policies of the Crown were carried out by his personally appointed representative, the Governor.

Dissatisfaction with this system led to a partial modification of the constitution in 1925 to allow for a modicum of elective representation (5

members) to the Legislative Council. But this limited electoral franchise was still based on highly restrictive criteria. Patrick Emmanuel writes:

'The fitness for the enjoyment of political rights, was gauged by whether or not individuals and groups possessed certain cultural, economic, (and ideological) qualifications. Literacy, formal education, property, a high enough income, as well as loyalty to the Crown, Empire, and British institutions constituted the core qualifications for the political emancipation of non-white peoples'⁶¹

Thus, of a total population of over 66,302 in the island in 1924 only 2,159 were eligible to vote. Similarly, in the 'general' election of 1944 only 4,005 satisfied the criteria for voting.⁶² So the popular masses remained unenfranchised as it had always been.

Social Conditions

The inequalities were also endemic in the spheres of culture and society. Grenada was a classic example of what J.S. Furnivall called the "plural society".⁶³ Adopting this framework M.G. Smith reached the following conclusion in his pioneering study of stratification in Grenada (undertaken between 1952 and 1953):

'In Grenada, elite and folk are sharply distinguished by their behaviour, ideas, speech, associations, appearance, colour, housing, occupation, status, access to resources, and in other ways. Folk differ from elite in their use

of the French Creole patois, in modes of mating, domestic organisation, child-rearing, socialisation, and kinship, in their social institutions, such as maroon, jamboni, susu, "bouquet", or company dance, and in their local organisation as dispersed communities. They differ also in their folk-lore, in their wakes, the third-night, nine-night, forty-night, and other funeral ceremonies, in their cults of shango, congo, shakerism, and the Big Drum

They differ in technology, occupational skills and expectations, in standards of living, education, school-attendance, income, type of house, dress, and so on. These modes of celebrating childbirth, baptism, and marriage are also distinctive. They place special weight on ritual, and have aspirations, beliefs, and values that contrast sharply with those of the elite'.⁶⁴

M.G. Smith's observations are not just of cultural cleavages. They are also symptomatic of 'class' differences. Although racial discrimination was no longer legitimate the race/class divide which was a central hallmark of slave society was still strong. Thus the folk were overwhelmingly from the black strata while the elites were white and light-skinned. The dominant aspiration of the folk was to join the ranks of the elite --- through the acquisition of wealth, a good education (preferably in one of the institutions of the Mother Country), and the conscious adoption of European customs and traditions. Frustration was the lot of many for they frequently encountered a chicken/egg situation. The scholarships, awarded by Britain, were extremely limited (only two throughout the 1940s) and they normally went to people who were socially

acceptable.⁶⁵ But as one commentator notes 'to be socially acceptable one had to have either fair skin, straight hair and 'good looks' or a fair amount of wealth'.⁶⁶ Education, as a route for upward mobility, was thus ruled out for the overwhelming majority of the population.

Many found it easier to seize migration opportunities whenever they arose. Before 1945, the oil-fields of Trinidad, Aruba, and Venezuela provided a haven. When these outlets dried up many went further afield, especially to the United States and United Kingdom. Malnutrition, deadly diseases, overcrowding, and despicable living conditions became the lot of the vast majority (particularly pronounced among those who owned no land whatsoever).

The persistence of these conditions --- conditions reminiscent of slavery --- more than one hundred years after the 'Emancipation' Act was clear testimony of the incompleteness of change in the island. The economic, social, political, and institutional structures which ensured their persistence and reproduction remained firmly intact, and were not seriously challenged until Gairy's dramatic appearance on the political scene in 1950.

The Anti-Colonial Struggle and Advent of Eric Gairy.

The first attack on the colonial status quo was launched by an urban, educated, light-skinned middle-class politician, T.A. Marryshow. Along with his counterpart, C.F.P. Renwick, he was instrumental in founding a newspaper, The West Indian, which was to become his principal mouthpiece. His anti-colonial outlook was reflected in the popular slogan of the newspaper 'The West Indies must be West Indian'. Marryshow also played a

major role in establishing the Representative Government Association in 1917 --- an organisation which campaigned vociferously for the abolition of the system of Crown Colony rule. The Association won a modicum of success when its demands were partially met in 1925 with the advent of a minority elected representation (i.e., five elected members in a sixteen-member Council).

Had it not been for Marryshow's ambivalence as a middle class politician and his deep loyalty to Britain (and respect for British norms and values), it is probable that further advance could have been attained --- not just political, but also economic, social and cultural advance. As the Epica Task Force put it, Marryshow [like other middle class politicians] 'wanted a liberalised expanded franchise to enlarge their constituencies, but continued to think of 'representative government' as a system in which the middle class would represent the poor'.⁶⁷

Indeed, this was an era in which politicians throughout the region were using trade unionism as a vehicle for social change. Bustamante in Jamaica, Bradshaw in St. Kitts, Adams in Barbados, and Butler in Trinidad all became powerful political leaders through this route. Marryshow could also have taken this route since trade unions were legitimised in Grenada from as early as 1933. But this was not in keeping with his ideological outlook --- an outlook which rarely differed from the establishment. Gordon Lewis, the eminent West Indian political scientist, sums him up in these telling terms:

'Marryshow was, at the most, a West Indian Fabian, a Royalist-Loyalist who could never bring himself to fight the colonial power except on its own polite terms. His vanity, his enjoyment of Buckingham Palace garden parties and parliamentary

receptions at Westminster, and his comic pursuit of royal personages all over, made it impossible for him to engage the fight in any other terms.'⁶⁸

This task was left for Eric Matthew Gairy who became the chief anti-colonial hero in Grenada during the late 1940s and the 1950s. There were two important vacuums to fill. On the one hand, there was a vacuum in the trade union movement. By 1946, Grenada had two unions, the General Worker's Union and the Grenada Worker's Union. These unions were concentrated in the urban areas. The rural areas continued to remain unrepresented and unorganised. Furthermore, these unions did not function as genuinely working class organisations. As Brizan puts it:

'They [i.e. the unions] worked within the existing colonial framework and were thus prepared to compromise with the employers of labour. In addition, the members of their executives were invariably colonial-minded Grenadians who had developed a great reverence for class, colour, and status. By 1950, these unions came to be viewed as almost synonymous with the employers of labour in attitudes, values, and beliefs, even by the very workers they represented.'⁶⁹

On the other hand, there was also a vacuum to be filled in the sphere of politics. Gairy took advantage of this opportunity and soon became the leader of a mass party. Unlike Marryshow, he had certain qualities which made him particularly suitable for the job. He was black, of peasant background, and intensely religious --- a typical member of the 'folk' to use M.G. Smith's category. He did not have to imagine the meaning of poverty, oppression or

social ostracism: he was a direct victim of these circumstances. At the tender age of 19, instead of heading for some university abroad like many of his privileged counterparts, he was obliged to leave his homeland in search of employment. First he worked at an American military base in Trinidad, then in an oil refinery in Aruba. He returned from Aruba in December of 1949 at a time when the lot of the peasants and working class in Grenada was probably at its worst. This class was desperate for a leader. In the words of D. Sinclair Dabreo:

'Gairy's appearance on the scene was like a Messiah, one who came at a particular time to save his people from oppression and to open a new era of hope. An era when for the first time the 'crowd' was about to enter the political stage. No longer did the people feel themselves to be the audience, the lookers-on, they considered themselves the actors, the participants in the play, which was written, produced and directed by the 'hero' himself --- Eric Gairy.'⁷⁰

By July of 1950, Gairy founded the Grenada Manual and Mental Worker's Union (GMMWU). He did not hesitate to demand higher wages and better working conditions for the workers and peasants. In February of 1951, he proceeded to lead the biggest demonstration which the island has ever witnessed. The strike lasted for four weeks and involved all agricultural and road workers throughout Grenada. His arrest in the process raised his popularity even further. His followers prolonged the upheaval as a mark of their acclaim for their 'messiah' and brought the island to a state which not even the colonial authorities and their forces could reckon with. In the end they were obliged to release Mr Gairy, grant his

request, and then appealed to him to put an end to the violence. This he did in his characteristically personal and patronising style. The full text is worthy of quotation since from now on this would be the central hallmark of his brand of politics:

'I feel obligated morally and spiritually to do something to alleviate, to stop, and when I say stop, I mean stop, the burning of buildings and fields, interfering with people who are breaking your strikes (leave them alone), stop taking away things from the estates that are not belonging to you, particularly cocoa and nutmeg, I want you to stop, and you must stop now, every act of violence and intimidation ... I told His Excellency the Governor that I have gained your respect and your implicit confidence and you will obey me without fail. Now don't let me down. I, Eric Matthew Gairy, am now making this serious appeal to you to start leading your normal peaceful life. Take my example and be a respectful decent citizen as I say, starting now. Let me make this point, however, everyone knows that I am a serious young man and when I say "no" I mean "no", and when I say "yes" I mean "yes". Now listen to this: I am now in search for gangsters and hooligans, I ask everyone of my people to help me, and if anyone is found setting fire to any place, breaking down or robbing or in any way interfering with people who are working, there will be nothing to save you, because the law will deal with you most severely, and "Uncle Gairy" will turn you down completely.

So join me now in saying no more violence. Come on now, together "no more violence", "no more violence", "no more violence". Thank you'.⁷¹

The events which occurred in Grenada between February 1951 and March 19, 1951 were parallel to the wave of revolutionary outbursts which swept throughout the region in the 1930s.⁷² The oppressed in Grenada were calling for a change of the unjust colonial status quo, like their counterparts in the other West Indian territories. That their revolutionary entry on to the historical stage was delayed was largely due to the system of paternalistic and semi-feudal relationships which were established between the estate owners and their dependents soon after 1838.⁷³ The 'privileges' of these 'worker-tenants' included free rent for dwellings on the estates, concessionary rates for small plots of land, first claim on any job the proprietors had going, and easy access to any unmarketed crops and fruits. This arrangement allowed the workers a modicum of security --- notwithstanding low wages. For the estate owners it provided a reliable supply of labour, especially during crop time.

The debilitating effects of the Great Depression of the 1930s on the island spurred the plantocracy to substitute full-fledged capitalist relations for paternalistic relations. As the Moyne Commission advised in 1938:

'Faced with increasing competition and low prices for primary products, the agricultural community is faced with disaster unless estates are managed on modern and scientific lines --- not only must every acre be made to produce its maximum, but the land and its appurtenances must be properly conserved and every superfluous overhead charge

cut out.⁷⁴

The progressive dismantling of the traditional relationships now 'gave way to uncertainty, mutual distrust, and, eventually, to bitterness' --- as witnessed by the 1951 disturbance.⁷⁵

This successful labour revolt signalled the dawn of a new era. Gone were the days when the downtrodden masses allow themselves to be overawed and overwhelmed by the establishment, even in times of extreme oppression. Their leader, Gairy, was the perfect epitome of this qualitative leap in consciousness and defiance. Power for the people became the touchstone of his demands. Thus after forming the GMMWU he established a parallel political party the Grenada People's Party, which subsequently became known as the Grenada United Labour Party (GULP). Further constitutional change in 1951, Universal Adult Suffrage, provided another important milestone in the island's political economy. The poorest Grenadian could now vote on the principle of 'one person one vote' --- a fundamental departure from the previous elitist and discriminatory franchise. In less than two years, Gairy had become the leader of the two largest organisations in Grenada. He was undoubtedly the most influential man in the island in terms of the number of followers he commanded and the extraordinary reverence they held for him. The result of the 1951 election was another clear sign of his popularity. His newly organised party won a splendid victory --- sixty-six per cent of the total number of votes casted and six of the eight Legislative Council seats. Gairy and his party were to become the nucleus of subsequent developments in Grenada until the collapse of his government in 1979. His compromising course with the Colonial Authorities in 1951 (i.e. to end the strike), however, was ominous as premonition of what was to come.

1. F. Knight, The Caribbean, The Genesis of a Fragmented Nationalism (Oxford University Press, Oxford, 1978), p18.
 2. R.P. Devas, The History of the Island of Grenada, (St. George's, Careenage Press, 1964), p23.
- See, also, J.A. Bullbrook 'Aboriginal Remains of Trinidad and the West Indies', Caribbean Quarterly, vol. 1, No. 1, April-June, 1959, especially p15. Bullbrook writes: 'That he was a cannibal has to be admitted but he did not eat human flesh because he preferred it. It is even possible that he did not actually like it. He ate no one save a brave enemy, and he ate him entirely for the purpose of gathering to himself that enemy's bravery' (p15).
3. Epica Task Force, Grenada: The Peaceful Revolution, (Washington, D.C., 1982), p9.
 4. A.P. Newton describes this intense drive graphically: 'After 1625 swarms of English and French colonists poured like flies upon the rotting carcass of Spain's empire in the Caribbean, and within ten years the West Indian scene was changed for ever: See A.P. Newton, The European Nation in the West Indies 1493-1688 (London, 1933) pp149-50. Quoted in R. Sheridan, The Development of the Plantations: An Era of West Indian Prosperity 1750-1775, (Caribbean Universities Press, University of the West Indies, Barbados, 1970), p11.
 5. E. Williams, From Columbus to Castro: The History of the Caribbean 1492-1969, (London, André Deutsch, 1970), p88.
 6. This quest for wealth must be seen against the economic and social recession which hit Europe in the seventeenth century. See E.J. Hobsbawm, 'The General Crisis of the European Economy in the 17th Century', Past and Present, nos. 5 and 6 (May and November, 1954), pp33-49, pp44-63).
 7. Cited in R. Munck, Politics and Dependency in the Third World, (Zed Press, London, 1984), p46.
 8. See E. Williams From Columbus to Castro, pp140-155 for a lucid discussion of the economic significance of colonies.
 9. Cited in R. Sheridan, op. cit., p10.
 10. The importance of colonial trade to Britain can be seen from table 1:1 below.
- Note that during these formative years of West Indian economies everything was looked at from the standpoint of the needs of the metropole. The colonies were not expected to have divergent objectives. Thus questions such as the destructive impact of mercantile policies on the development of manufacturing industries in the colonies were ignored.
11. Cited in E. Williams, From Columbus to Castro, p143.
 12. Cited in E. Williams, Capitalism and Slavery, (London, André Deutsch, 1964), p6.

13. Since such a supply was not available locally it would have to be imported presumably from Europe. But Europe suffered from a limited expansion in population during the 16th century. It would therefore be difficult to attract Europeans in large enough numbers at competitive wage rates. Note, the decision to resort to slave labour was governed primarily by economic factors rather than racism. Eric Williams develops this point quite well in his opening chapter of Capitalism and Slavery. As he puts it: 'Slavery was not born of racism: rather, racism was the consequence of slavery'. (ibid, p7).

- It should also be noted that the trade in negroes began about 1450 under the auspices of the Portuguese (E. Williams, From Columbus to Castro, p 138).

14. E. Long, The History of Jamaica (3 vols. London, 1774), vol. 1, p448, cited in R. Sheridan, op. cit., p17.
15. E. Williams, Capitalism and Slavery, p34. The profitability of this trade is also comprehensively documented in Williams' From Columbus to Castro.
16. Cited in E. Williams, Capitalism and Slavery, p110.
17. See E. Gittens - Knight, The Grenada Handbook and Directory (Bridgetown, Barbados, Advocate Company, 1946), p22. Gittens - Knight also notes that an unknown quantity of high quality tobacco was grown which, at around the first two decades, commanded twice and thrice the price fetched by growers in other islands. (ibid., p23)
18. E. Williams, From Columbus to Castro, p134.
19. R. Sheridan, op.cit., p95.
20. Cited in E. Gittens - Knight, op. cit., p22.
21. E. Williams, From Columbus to Castro, p143.
22. E. Williams, From Columbus to Castro, p104.
23. E. Williams, From Columbus to Castro, p151. See, also, W. Green, British Slave Emancipation, the Sugar Colonies and the Great Experiment 1830 - 1865 (Oxford, Clarendon Press, 1976), p12.
24. A European couple who spent 4 years in Tobago remarked that during all this time his wife had managed to come across only one solitary white woman. European women who resided in the West Indies were believed to be deficient in social grace and skills. See W. Green, op. cit, p11 for an elaboration of this point.
25. See W. Green, op. cit., p12, for some interesting statistics on this disproportionality.
26. The exception to the race/class 'rule' was the status of the poor whites - many of whom had originally migrated (or were transported)

to the colonies as indentured servants. This did not mean they were on the same level with the servile blacks or the coloured population. Rather, it meant they were on the lowest rung of the white segment at the apex.

27. Cited in Epica Task Force, op. cit., p18.
28. For a comprehensive discussion of the significance of this revolution, see C.L.R. James, The Black Jacobins, (London, Reprint: 1982).
29. Today Grenadians commonly regard Julien Fedon as their first revolutionary. To the People's Revolutionary Government (PRG), he was what José Martí and Simon Bolívar were to the Cuban revolution. It must be stated, however, that - unlike Martí and Bolívar - Fedon did not set out to topple colonialism as such. His revolt began as an attempt to re-assert French control over the island. It was later joined by a substantial proportion of the slave population who used the opportunity to destroy plantations and kill as many of their owners as they could. Fedon eventually succeeded in gaining control over most of the island for some 15 months before the British successfully reclaimed the island in June 1796. Although most of the rebels were either killed or deported, it is believed that Fedon was never captured. One hypothesis is that he drowned as he tried to escape to neighbouring Trinidad. See K. Schoenhals and R. Melanson, Revolution and Intervention in Grenada, (Westview Press, Boulder and London, 1985), p5.
30. Cited in E. Williams, Capitalism and Slavery, pp206-207.
31. Cited in E. Gittens - Knight, op. cit., p24.
32. See Table 1:2. In 1806 the island had a total slave population of 19,009. A considerable proportion of these were domestic slaves - 'ministering to the social rather than to the economic aspect of the plantation economy, brushing away flies at dinner and mosquitoes in bed'. (Williams, 1970, p 284). Note too that the island also served as an occasional slave exporter. Between 1784 and 1792, for e.g., of the 44,712 which were imported, 31,210 (ie., seven-tenths) were re-exported. (See E. Williams, From Columbus to Castro, p244).
33. See also chapter 17 of Williams' From Columbus to Castro for figures relating to the decline of the plantation economy in the West Indies.
34. E. Williams, Capitalism and Slavery, p210.
35. G. Brizan, Grenada: Island of Conflict, p102.
36. Cited in E. Williams, From Columbus to Castro, pp328-329.

37. D. Hall, Free Jamaica, 1838-1865, (Yale University Press), p19.
38. Brizan uses the term 'proto-peasantry' to capture the fact that many of the newly-emancipated were not peasants in the strict sense. They had a foot in both the labour market and own-account production. Many were also engaged in paternalistic arrangements with estate owners. (This is discussed below in this chapter). See G. Brizan, 'The Grenada Peasantry and Social Revolution, 1931-1951', Working Paper No. 21, (Institute of Social and Economic Research, U.W.I., Mona, Jamaica, 1979) p13. See, also, R. Frucht, 'A Caribbean Social Type: Neither "Peasant" nor "Proletarian"', Social and Economic Studies, vol.1, no.3, 1967. For Frucht the concept of 'agro-proletariats' was the most appropriate category for describing and analysing the newly-emancipated.
39. Cited in G. Brizan, 1984, op. cit., p135.
40. Epica Task Force, op. cit., p22.
41. Between 1836 and 1885 over 10,000 immigrants were brought to Grenada alone. These were recruited from Africa, Malta, India, and Portugal (G. Brizan, 1984, op. cit., p183).
42. See E. Williams, From Columbus to Castro, p 369. Of a total of 79 estates in Grenada in 1876, there were 6 ploughs and 7 steam-engines (G. Brizan, 1984, op. cit., p139).
43. It has been reported that purchases of 1-5 acres at an average of £10 per acre were quite commonplace in one district in Grenada. See W. Mathieson, British Slave Emancipation 1838-1849, (Longmans, London, New York, Toronto, 1932), p86.
44. See G. Brizan, 1984, op. cit., especially p233, for an exposition on the terms and conditions of metayage. Note by 1940, estates had allotted 15,078 acres to 12,937 persons to work on this share-rental arrangement, since estate owners were not able to provide full-time employment for all their workers for a 5-day working week. Infact, only 1,549 worked for the full week of the 5,036 who were employed on estates in 1940. Around this time approximately 70 per cent of the peasants participated in this system of paternalism. (G. Brizan, 1984, op. cit., p256).
45. G. Brizan, 1984, op. cit., p133.
46. See Epica Task Force, op. cit., p25. Note by this time sugar production was virtually non-existent (see Table 1:3). So the lot of the ex-slaves was not substantially altered.
47. E. Gittens-Knight, op. cit., p28.
48. S. Wells, Historical and Descriptive Sketch of the Island of Grendada, (Microfilm Reel 48, University of the West Indies, Mona, Jamaica, un-dated), p25.
49. A small producer is here defined as one operating on 10 acres or less. See G. Brizan, 1984, op. cit., chapter 16, for further information on the structure and operation of the producer co-operative, Grenada Co-operative Nutmeg Association (GCNA).

50. G. Brizan, 1984, *ibid.*, p238.
51. G. Brizan, *ibid.*, p238.
52. See G. Brizan, *ibid.*, pp235-239 for information on the cost of living, particularly with respect to the price of basic food-stuff.
53. G. Brizan, 1979, *op. cit.*, p20.
54. The Commission headed by Lord Moyne was sent to investigate the causes of the violent demonstrations which shook virtually the whole West Indies in the 1930s. The Report and recommendations of the Commission constituted a powerful indictment against the plantocracy. The conditions they reported were so appalling that for the sake of prudence the full report was withheld until after the War. For further details, see West Indies Royal Commission 1938-1939 Recommendations, (His Majesty's Stationery Office, London, 1940).
55. G. Brizan, 1984, *op. cit.*, pp259-260.
56. The 1946 census recorded the following population distribution: 630 whites (0.9 % of the total population), 3,500 Indians (4.8%), 15,000 Coloured (20.9%), and 52,800 negroes (73.4%). (M.G. Smith, Stratification in Grenada, (University of California Press, Berkeley and Los Angeles, 1965), p95.
57. G. K. Lewis, The Growth of the Modern West Indies, (Monthly Review Press, New York, 1968), p88.
58. See E. Gittens-Knight (1946) for some quantitative insights into this phenomenon for the first half of the twentieth century.
59. E. Gittens-Knight, *op. cit.*, p48.
60. Although the principle of Crown Colony rule is theoretically non-partisan and was intended to protect the unenfranchised workers and peasants against the encroachments of the monied class, the evidence suggests that (in practice) it failed to achieve much of the stated goals. Its policies were overwhelmingly biased toward the propertied class. This was admitted by no less an authority than the West Indian Royal Commission. (See Report of the West India Royal Commission, 1939-1940).
61. P. Emmanuel, Crown Colony Politics in Grenada 1917-1951, (Institute of Social and Economic Research, U.W.I., Barbados, 1978), p36.
62. M.G. Smith, The Plural Society in the British West Indies, (University of California Press, Berkeley and Los Angeles, 1965), p272.
63. The term was used by Furnivall to characterise colonial societies of the Far East, with special emphasis on the Indonesian and Burman experience. Of the Plural Society Furnivall writes 'It is in the strictest sense a medley, for they mix but do not combine. Each group holds by its own religion, its own culture and language, its own ideas and ways. As individuals they meet, but only in the market place, in buying and selling. There is a plural society, with different sections of the community living side by side, but

separately, within the same political unit. Even in the economic sphere, there is a division of labour along racial lines. ... The plural society is in fact held together only by pressure exerted from outside by the colonial power, it has no common will.' (quoted in M.G. Smith, The Plural Society in the British West Indies, pp1-2).

64. M.G. Smith, Stratification in Grenada, pp235-36.
65. See chapter 4 of I. Oxaal, Black Intellectuals and the Dilemmas of Race and Class in Trinidad, (Schenkman Publishing Company, Inc., Cambridge, Massachusetts, 1982), for an insightful discussion of the 'scholarship boy' phenomenon. The 'scholarship boys' typically studied medicine and law. Many of them remained in Great Britain.
66. G. Brizan, 1979, op. cit., p22.
67. Epica Task Force, op. cit., p29. See, also, P. Emmanuel, 1978, op. cit., especially chapter 2.
68. G. Lewis, 'Grenada: History and Society', (unpublished paper presented at Conference on Grenada, University of Puerto Rico, October 17-19, 1985), p12.
69. G. Brizan, 1979, op. cit., p30.
70. D. Sinclair Dabreo, The Grenada Revolution, (Management Advertising and Publicity Services Publication, St. Lucia, 1979), p29. The terminology used in this passage is borrowed from A. Singham, The Hero and the Crowd (1968, op. cit.).
71. Quoted in W.R. Jacobs and I. Jacobs, op. cit., pp57-58.
72. See G. Lewis, 1968, op. cit. and K. Post, Arise ye Starvelings: The Jamaican Labour Rebellion of 1938 and its Aftermath, (Martinus Nijhoff, the Hague, Boston and London, 1978) for a detailed treatment of the general revolt which hit the region in the 1930s.
73. M.G. Smith, the Plural Society in the British West Indies, p269. See, also, S. Rottenberg, 'Labour Relations in an Underdeveloped Economy', Caribbean Quarterly, Vol. 4., No.1, 1953.
74. J.R. Mandle, Big Revolution Small Country: The Rise and Fall of the Grenada Revolution, (North-South Publishing Company, U.S.A., 1985), p10.
75. M.G. Smith, Stratification in Grenada, p13.

Chapter Two

GAIRYISM AND THE GRENADIAN ECONOMY

Further Constitutional Advances

Very few leaders in the history of the West Indies have had a more pervasive impact on their society as Gairy. And none have provided more tangible and incontrovertible evidence of the assertion made by one observer that 'West Indian leaders are carbon copies of the European slave master'.¹ This man and his party dominated Grenadian politics from the advent of Adult Suffrage in 1951 until his demise in 1979. Of the eight general elections held during this period to elect candidates to the Legislative Council and later the House of Representatives the GULP lost only two (1954 and 1962), thanks to the Westminster System of 'first past the post' and a series of fraudulent electoral tactics, especially during the latter years. The results, presented in Table 2:1 below, make it clear that under this type of constitution power to govern does not necessarily have to reflect the wishes of the electorates. A party could poll less than 50 per cent of the total votes cast and still become the governing party.

Further incremental changes came in 1959 (introduction of ministerial government) and in 1967 when Grenada became an Associated State. The process culminated in the attainment of full constitutional independence in 1974.²

Table 2:1 Electoral Performance of GULP (1951-1976)

Year of Election	Registration	Total Vote	% won by GULP
1951	34,133	20,746	63.8
1954	38,846	22,476	46.0
1957	37,738	24,682	44.4
1961	41,087	21,760	53.3
1962	34,622	21,107	46.0
1967	38,880	28,999	54.6
1972	41,529	34,244	58.8
1976	63,193	40,782	51.8

Source: Adapted from data contained in P. Emmanuel et. al., Political Change and Public Opinion in Grenada 1979-1984, (Institute of Social and Economic Research (Eastern Caribbean), University of the West Indies, Cave Hill, Barbados, Occasional paper No. 19, 1986), p.13.

With the advent of Associated Statehood the Legislature now had total control over the administration of the colony, barring defence and foreign policies which were still the preserve of Britain. The new constitution allowed for: (1) a representative of the Queen in the person of the Governor (2) a Legislature consisting of (a) a Senate or Upper House made up of 9 members - 7 appointed by the Governor on the advice of the Premier and 2 appointed by the Governor on the advice of the leader of the 'opposing' party and (b) a House of Representatives whose membership was determined by the number of constituencies, (3) an Executive consisting of the Premier and a number of Ministers established by the Legislature or by

the Governor acting upon advice from the Premier, and (4) a Cabinet comprising of the Premier, all Ministers and an Attorney General or an ex-officio candidate.³ This structure automatically allowed the ruling party to install a guaranteed majority in the Senate, a loophole which Gairy did not fail to exploit during his long and disruptive tenure of office.

Ironically, he was more committed to the interests of the working class during the period when the constitutional arrangement in being, offered him very little room for manoeuvre compared with later when greater internal autonomy was accomplished. The constitutional advances made in 1951 were restricted to (a) extension of the franchise to all persons 21 and over (b) removal of income and property qualifications for candidature at elections, and (c) the creation of an elected majority in the Legislative Council.⁴ The traditional powers of the Governor were kept firmly intact. He was totally responsible for all civil and military affairs. He had the power to veto bills passed by the Legislature and to pass those rejected, if he deemed them necessary. Under these circumstances an elected majority in the Legislature did not, and could not, undermine the prevalence of Westminster's views in the colony. Yet Gairy managed to secure some gains for his supporters.

The Grenadian Political System and The Early Foundations of Gairism

The GULP developed as an extension of Gairy's GMMWU, as a party to articulate and defend the interests of the working class. In the early days the party relied mainly on the dues from the union to finance much of its electoral activities. The intimate link between both organisations was loosened in the last years of the regime but was never completely severed.⁵ Gairy never made any serious attempt to solicit the support of the urban-based workers. They remained unrepresented throughout much of

the 1950s. But by 1960 this omission was absorbed by the three St. George's-based unions, the Seamen and Waterfront Workers Union (SWWU), the Commercial and Industrial Workers Union (CIWU), and the Technical and Allied Workers Union (TAWU). Although they were in the minority numerically this failure to mobilise them was to prove critical in the years when opposition began to mount against his administration.

The other contending party was the Grenada National Party, (GNP) first established in 1953 under the middle class leadership of Dr. John Watts. The leadership subsequently fell into the hands of another middle class politician, Herbert Blaize, a lawyer from Carriacou. The thinking of those who formed and led this party was reminiscent of the colonial authorities. Both shared the conviction that politics and trade unionism were separate and distinct activities. The party thus made no pretensions to appeal to the particular interests of workers and peasants despite their numerical dominance projecting itself as a multi-class organisation. With this posture it naturally attracted the support of the middle and upper classes from the very outset, particularly the urban bourgeoisie and landed gentry.⁶

The party subsequently never lost its image and reputation as the party of the well-to-do (an explanation for its frequent misfortunes at the polls). In contesting the 1972 elections it tried to remedy this by making an explicit and direct appeal to the lower segments of Grenadian society, but its promise of 'political and economic power to the people' fell on deaf ears.⁷ Gairy thus emerged from that election as the first Grenadian leader to savour power in an independent nation state. Curiously enough, memories of his early gains for the Grenadian working class (including their political awakening) were never obliterated, especially among the older members of the population and the female strata.

By 1972 the traditional differences (real and imaged) which existed between the two parties had evaporated. Their power base, social composition, economic policies, political philosophy and practices were now practically indistinguishable.⁸ They were carefully groomed by Britain to accept the 'virtues' of the capitalist system and all the attendant structures and institutions which were implanted during the colonial era. So complete was the socialization process that at no time did any of these parties consider the question of transforming these legacies. They were chiefly content with pursuing limited reformist goals within the inherited framework. On more than one occasion Gairy openly disclosed the true orientation of his party. In 1967 he revealed to the propertied elite (his previous enemies):

'At no time do we contemplate the taking of properties from individuals with the hope to nationalise those properties. We feel that our taxation system is so geared to allow individuals to establish their individual enterprise. We are supporting employers, we are supporting industrialists to the fullest.'⁹

Those who doubted the sincerity of his proclamation were further reassured by his deeds. Not only did he become a member of the Chamber of Commerce and a director of several businesses, but he also became the proprietor of a number of private enterprises including several hotels and restaurants, a nightclub and a beauty parlour.¹⁰ Such moves finalised his repudiation of the working class, notwithstanding the rhetoric which continued to fill the pages of election manifestos.¹¹

Another central hallmark of the Grenadian political system was the importance assigned to clientelism.¹² Political education, development of ideological consciousness, the virtues of active and direct participation of the masses into the economic and political administration of the country's affairs, were never articulated. Under these circumstances it was natural that most Grenadians came to regard politics as the art of dispensing patronage. The leaders were the dispensers (patrons) and their supporters were the seekers (clients). The patronage typically took the form of job appointments, promotions, tax concessions, gifts of money, land, contracts, monopoly privileges, and invitations to government functions. As the class character of the two parties converged many Grenadians were prepared to oscillate between them, depending on their subjective evaluation of any one party's ability to deliver largesse. This helps to explain why Gairy was able to successfully penetrate the traditional power base of the GNP in the 1972 elections. In that year GULP won all 4 seats in St. George's.¹³

The entire history of GULP is replete with examples of how Gairy managed to sustain himself in power through a well-established and very extensive system of patronage, aided and abetted by corrupt practices and repression. His personal and arbitrary approach to politics is captured in the following passage from the seminal work of Archie Singham:

'He had developed neither a coherent policy nor a group of leaders around him, there was no "inner circle" in the party. Any type of inner circle that did exist was heavily dependent on Gairy's personal support in maintaining their electoral strength Loyalty at the constituency level was to him, not to the constituency candidate or member.'¹⁴

The 'Hero' was addressed by his followers, 'the crowd', as 'Uncle Gairy'. They in turn were termed 'my people'. Having first hand knowledge and experience of their deep attachment to Christianity (and matters spiritual) Gairy made sure not to forget to add a religious dimension to his meetings and rallies with them. Hymn singing, praying, bible reading, promises to legitimise witchcraft were all used as devices to retain their loyalty.¹⁵ Politicising them was unnecessary from his point of view. In fact, once he consolidated his personal power and became a member of the propertied class it could even prove dangerous.

The reputation of his government first received official scrutiny in 1962 when he held the posts of Chief Minister and Minister of Finance under the Ministerial Constitution. The Commissioners, who were appointed by the Administrator to carry out an investigation into the scandal known in local parlance as 'Squandermania', found overwhelming and unmistakable evidence of unscrupulous conduct on the part of Gairy.¹⁶ These included the contravention of the laws and regulations governing public finance in Grenada and the victimization of civil servants who did not condone his corrupt practices. Some of these financial irregularities were designed to benefit Gairy directly while some were apparently intended to either maintain or attract political loyalty to him and his party. An example of the former was the refurbishing of his palatial residence, Mt. Royal, at the cost of \$17,250 without the consultation or approval of the relevant authority, the Tenders Board. Attempts were also made by Gairy to grant monopoly privileges to his political cronies and to buy land from them at abnormally high prices. The Bardia estate, for instance, (which comprised 165 acres) was sold in 1961 for \$40,000 or \$240 per acre. yet Gairy then bought 30 acres from the new proprietor at \$666 per acre for the Government, despite two independent valuations which put the price at \$320 and \$340 per acre.¹⁷ According to the Jacobs brothers Gairy's real

intention was to create a new capitalist class which could successfully compete with the old elite and ultimately displace them.¹⁸ Significantly, many of those who triggered off the commission's enquiry and gave evidence against him belonged to the traditional elite - his arch enemies.

The gravity of such improprieties led to the termination of his government from office and the suspension of the constitution. The Administrator took over his duties until the next election. In the wake of 'Squandermania' Gairy lost the election which was held in September of 1962. Blaize's party won 6 seats while GULP won 4. Of the 21, 107 unspoilt votes which were cast, the GNP polled 54 per cent while the GULP polled 46 per cent. These results are significant. They show that a considerable proportion of the electorate must have been convinced by Gairy's counter argument that the 'Squandermania' charges were prompted out of envy and jealousy. Bluntly put, his opponents did not want to see a black man of lower class origins indulging in the type of life-style which had come to be associated with white and light-skinned people.¹⁹ Plausible as this 'class' argument is at one level, it is highly probable that the 'Squandermania' charges were well-founded. For Gairy had earlier demonstrated a highly dubious history with regard to financial matters. Insights into his track record can be seen from Table 2:2 which outlines the number of times he was brought to the High Court for debt offences.

After an intense campaign Gairy's party was back in power in 1967. Predictably, the GNP's exploration of Unitary Statehood with Trinidad and Tobago met stiff opposition from various groups within the petroleum - rich state. This bitter failure by the GNP was skilfully manipulated by Gairy to his party's advantage. Besides, after putting Blaize in power for two terms (1957-1961 and 1962-1967) Grenadian workers and peasants had no economic or social benefit to show for their support.

Table 2:2 Debt allegations made against Gairy (1952-1965)

Debt	Creditor	Year of Transaction	Amount Involved (\$)
1	McIntyre Brothers	1952	787.00
2	George DeFreitas	1952	510.55
3	Barclays Bank	1954	407.45
4	Simeon Francis	1954	(unquoted)
5.	Everybody's Stores	1954	360.00
6	" "	1954	1,178.50
7	" "	1956	966.00
8	" "	1958	390.00
9	Government of Grenada	1954-57	6,278.87
10	Hankey's	1959	284.86
11	George DeFreitas	1960	2,162.00
12	Hankey's	1963	747.00
13	Nick's Ltd.	1963	385.00
14	Government of Grenada	1962	1,504.00
15	Armand Williams	1965	500.00
16	Lennard Sargeant	1965	300.00
17	" "	1965	250.00

Source: Adapted from data in The New Jewel, vol. No.36, 9 February, 1973.

Gairy's next 12 years in office were to prove critical to the subsequent political history of the island. During this period the worst features of the phenomenon, 'Gairyism', came to the fore. This was to manifest itself in abject poverty for the overwhelming majority of the population, arbitrariness in government, various forms of corruption (especially with respect to the use of public funds), mounting repression, sexual

exploitation of all categories of women (including the wives of the elites) and buffoonery at home and abroad. Some of these dimensions of 'Gairyism' were operative in the pre-1967 period but apart from the misuse and misappropriation of public funds as epitomised in the 'Squandermania' issue the situation did not warrant any cause for public alarm. Indeed, up to the time of 'Squandermania' Gairy could still be regarded as an advocate of the interests of the oppressed layers of the society. But after the suspension of the constitution in 1961 and GULP's defeat at the polls in 1962 he underwent a profound transformation. According to Grenadian observers who know him very well this transformation was motivated in part by the personal misery he suffered whilst he was out of power between 1962 and 1967.²⁰ During this time Gairy sustained himself mainly by borrowing (see Table 2:2) and hand-outs from friends. It is commonly said in Grenada that he vowed that he would never allow himself to fall into such penury should he become leader of the country again. More ominous, he also vowed that he would maintain the command of government by all means. To Gairy, it seems as if this new stance necessarily meant the subordination of the rights and interests of the peasants and working class to those of the property-owning class. It also seems to have meant a firmer commitment to the capitalist ethic and a further opening of the economy to external domination.

A Dependent Model of Development: Arthur Lewis as Prophet and Guide

The need to devise policies and strategies for engineering economic development in Grenada and its other colonies ran counter to the requirements of the British economy. As long as they were in direct control of the administration of the colony Britain would therefore ensure that the division of labour imposed during the era of open slavery remained intact.

The official view was that the size, resource configuration of these territories, coupled with the racial and cultural features of their inhabitants, militated inexorably against their development.²¹ Invoking the notion of comparative advantage, it was further argued that the destiny of the Caribbean lies in the deepening of their traditional specialisation in the production of agricultural staples. Industrialisation, diversification of economic activities, and structural transformation in the wider sense, were thus ruled out. These views were clearly articulated in the report produced for the Jamaican colonial government in 1945. The chief author of the document, F. Benham, was the chief economic adviser to the comptroller for the West Indies. Its contents set in motion a vigorous debate between Dr. Benham and Professor Lewis, a distinguished West Indian economist from St. Lucia, over the scope and prospects for industrialisation in the British West Indies. Lewis' challenge was successful.

His views eventually became orthodoxy for the region as a whole. His strategy, popularly known as 'Industrialisation by Invitation', was pursued with great enthusiasm by various West Indian governments throughout the 1950s and 1960s.²² The strategy was heavily influenced by the Puerto Rican experience (1949).²³

'A visit to the British West Indian islands at the present moment is a depressing experience. Everyone seems to be waiting for something to happen, but the traveller is never quite able to discover what it is that they are waiting for. Some key is needed to open the door behind which the dynamic energies of the West Indian people are at present confined. The key has obviously been

found in Puerto Rico, where the drive and enthusiasm of a people hitherto as lethargic as the British West Indians, warms the heart, and inspires confidence in the future. The British West Indians can solve their problems if they set to them with a will. But first they must find the secret that will put hope, initiative, direction, and an unconquerable will into the management of their affairs. And this is the hardest task.²⁴

The secret Lewis refers to was thought to lie in the establishment of an Industrial Development Company (IDC), with the critically important tasks of supporting, attracting, and encouraging private capital to the maximum extent possible. The pioneers of the new manufacturing industries would have to be foreign capitalists since the local capitalist class lacks experience and knowledge in this area. In his words:

'... the local capitalists know very little about industry. They are specialists in agriculture and in commerce. They think in terms of import and export rather than of production. Some would even be hostile to domestic manufacture, which they see as a threat to their wholesale import business'.²⁵

Foreign capital, should be induced by providing a host of incentives including tax holidays, duty rebates on imports, subsidised industrial sites (provided with adequate and reliable utilities - water supplies, electricity, telecommunications services, etc.), accelerated depreciation allowances, subsidies, low wages and an inter-sectorial trade favourable to the industrial sector.²⁶

'The new arrival should feel free to cast on to the shoulders of the Corporation any difficulty that crops up. All this costs money, but it pays a wonderful dividend. For, if the new arrival writes home to say that all is well, it will not be long before others come after him'.²⁷

The anticipated dividends to the host economy, according to Lewis, would include much - needed capital, technology, organisation, market connections, job creation, foreign exchange, and provision of certain categories of consumer goods based chiefly on domestic raw materials. Despite the overwhelming emphasis placed on industrial development²⁸ he did not, however, regard industry as a substitute for agricultural development.

'If agriculture is to give a higher standard of living, then industry must be developed. But equally, if industry is to be developed, then agriculture must give a higher standard of living, in order to provide a demand for manufactures. The agricultural and the industrial revolutions thus reinforce each other, and neither can go very far unless the other is occurring at the same time.'²⁹

The new industries should cater for the export market as much as is practicable, rather than pursuing a strategy of pure import-substitution. The latter was not possible any way since these economies were characteristically small with limited domestic markets. This market size was not sufficient for the scale of industrialisation that was necessary to alleviate the unemployment which these societies faced. Once the industrialisation process starts it will proceed on its own momentum.

Moreover, the indispensability of foreign capital will lessen as local capitalists learn the 'tricks of the trade' and become conscious of the importance of capital accumulation on a rapid scale:

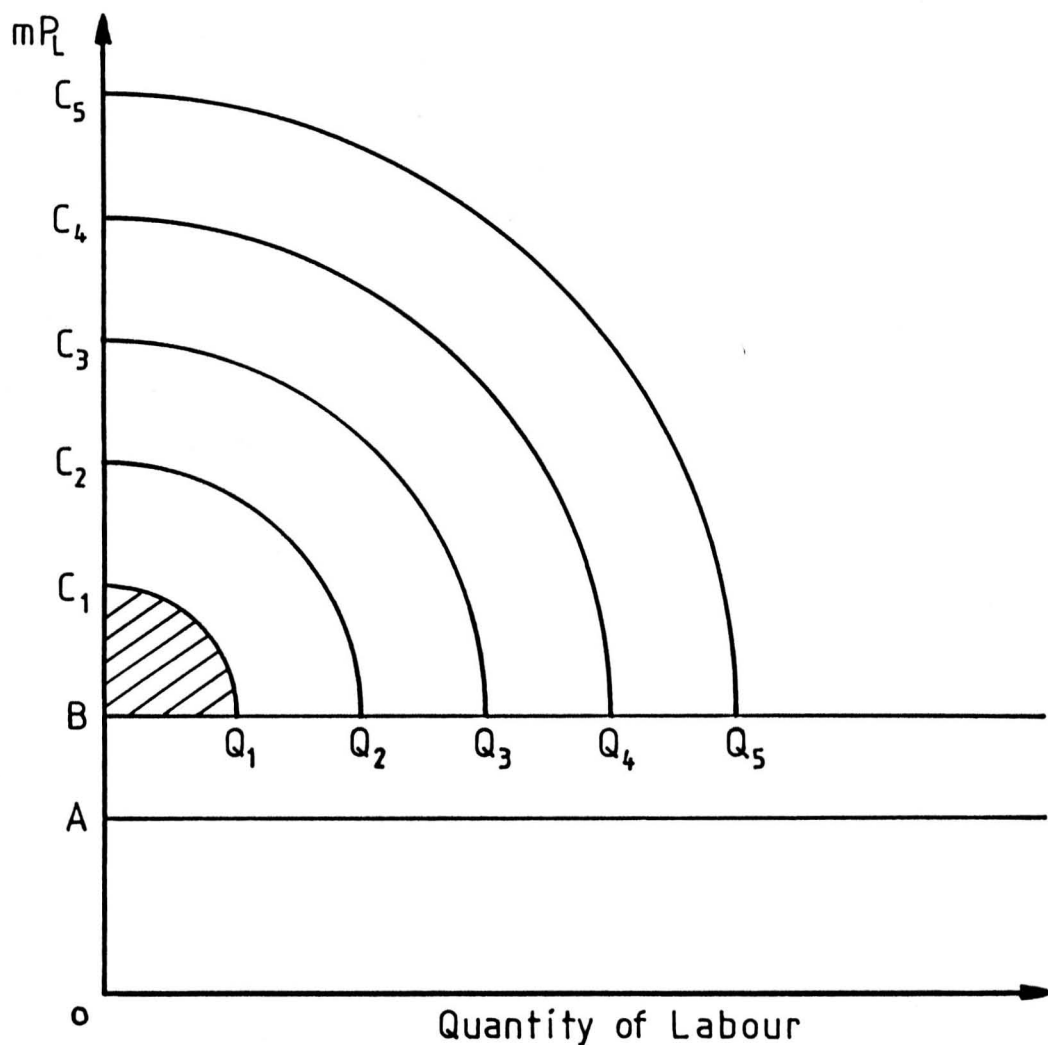
'Industries are like sheep, they like to move together. In consequence, a place which has no industries is unattractive to new industries, while a place which has plenty of industries attracts still more. The analogy of the snowball is even better than that of the sheep. For once the snowball starts to move downhill it will move of its own momentum, and will get bigger and bigger as it goes along...'³⁰

The theoretical bases for this strategy is developed in a subsequent article 'Economic Development with Unlimited Supplies of Labour'.³¹ For the purpose of analytical rigour he dissected the economy into two sectors, viz., (1) a modern, advanced capitalist sector and (2) a backward, traditional, subsistence sector. The former is distinguished from the latter by its use of reproducible capital. The principal assumption is that marginal productivity of labour in the subsistence sector is negligible, zero, or even negative. This low productivity is a direct consequence of an overabundance of labour relative to capital availability in the particular society. To raise output in the subsistence sector it is therefore necessary for this sector to shed labour to the more productive capitalist sector. Moreover, more industries can be created since labour is no bottleneck. Skilled labour may be scarce initially but 'the capitalist or their government will soon provide the facilities for training more skilled people. The real bottlenecks to expansion are ... capital and natural resources.'³²

To attract labour to the capitalist sector (and thus fuel the process of capital accumulation) it is necessary to pay a wage which exceeds that prevailing in the subsistence sector. A useful rule of thumb is to pay a wage which is equivalent to the average product per worker in the subsistence sector, plus some 'margin'.³³ The magnitude of the economic expansion in the economy will be critically dependent on the size of the capitalist surplus and the extent to which this surplus is being reinvested. Here Lewis makes the rather naive assumption that capitalists (whether local or foreign) will automatically reinvest their profit. As this profit is reinvested more employment is created in the capitalist sector and hence labour is increasingly drawn from the subsistence sector. The accumulation process continues to 'snowball' until a labour surplus no longer exists in the subsistence sector (See Figure 2:1). At this critical point wages will now begin to rise beyond the subsistence level and thereby impinge on the size of the capitalist surplus. But the capitalist can still continue to accumulate - though not within the constraints imposed by the closed economy. Lewis thus opens up the model to allow for the dual possibilities of (a) encouraging immigration (i.e. to check wage increases) and (b) export the surplus capital to other territories with an unlimited supply of labour (available at a subsistence wage).

Any one who reads Lewis' works cannot fail to be impressed by the clarity and logical consistency of the arguments employed. Despite this brilliance the arguments suffer from certain important theoretical and empirical defects (not, it should be stated, much appreciated at the time). First, the observation is made that despite his trenchant critique of the colonial view of development his analysis and policy recommendations have much in common with them. The former, for instance, had long insisted on the benevolence and 'development-promoting' role of

Figure 2:1 The Process of Capital Accumulation in the Lewisian Closed Economy



Definitions:

MPL = The marginal productivity of labour

OA = The wage in the subsistence sector

OB = The wage in the capitalist sector

BC_1Q_1 = The size of the initial surplus in the capitalist sector

BC_2Q_2 = The resulting size of the surplus after a part of BC_1Q_1 is reinvested. It is larger than BC_1Q_1 since the marginal productivity of the worker has increased (now working with more fixed capital).

As the surplus is reinvested expansion continues until say BC_5Q_5 where we assume that the capital accumulation catches up with the labour surplus.

Source: W.A. Lewis, 'Economic Development with Unlimited Supplies of Labour' (1954), p.412.

private capital inflows, especially from Britain. It is this which explains the 'marriage' of the capital markets in the colonies to those in the metropole via Currency Boards, exchange rate regimes and other banking and currency facilities. Lewis went on to provide further ideological and theoretical support for foreign capital.

He did not regard foreign capital as one of the central obstacles to underdevelopment in the region, a major manifestation of which was the crisis in the subsistence sector. Curiously enough, he hinted at this in an important passage of his 1954 contribution but he did not develop it:

'Thus, the owners of plantations have no interest in seeing knowledge of new techniques or new seeds conveyed to the peasants, and if they are influential in the government, they will not be found using their influence to expand the facilities for agricultural extension. They will not support proposals for land settlement and are often instead to be found engaged in turning the peasant off their lands This is one of the worst features of imperialism, for instance. The imperialists invest capital and hire workers, it is to their advantage to keep wages low, and even in those cases where they do not actually go out of their way to impoverish the subsistence economy (even by taking away the people's land, or by demanding forced labour in the capitalist sector, or by imposing taxes to drive people to work for the capitalist employers) they will at least very seldom be found doing anything to make it more productive'.³⁴

Instead of developing this important strand of reasoning he went on to focus on the 'natural variables', viz, over-population relative to resource endowment, shortage of capital, market size, etc. By giving these issues analytical and theoretical primacy he missed the role played by foreign capital and decision-making in the bind which Caribbean economies find themselves in. Not only did he fail to analyse the impact of external forces on domestic accumulation but the analysis dismissed social relations and conflicts between different classes in the 'capital-starved' economy. Rather, he invoked the experience of a totally different historical and social milieu, namely the Western European experience and particularly the England of Adam Smith and David Ricardo. His opening sentence (1954) thus reads:

'This essay is written in the classical tradition, making the classical assumption, and asking the classical question. The classics, from Smith to Marx, all assumed, or argued, that an unlimited supply of labour was available at subsistence wages. They then enquired how production grows through time. They found the answer in capital accumulation, which they explained in terms of their analysis of the distribution of income'.³⁵

The principal objection to the above is not whether an unlimited supply of labour exists (and at a subsistence wage) in the case of the Europe of the classical era or in contemporary Caribbean economies. The objection lies in the causes of this unemployment and underemployment of labour. Certainly there are different historical and structural reasons for this phenomenon.³⁶ Moreover, the analysis of the classical economists was not hinged on a prominent role for foreign capital. It was the interests of the burgeoning indigenous capitalist class which was central to their

problematic. Once dependence on foreign capital comes into play a whole complex set of issues is raised: will foreign decision-making lead to a misallocation of resources in the host society (e.g. a bias towards a particular sector, say the profitable mining sector)? Will it marginalise or eventually displace the less-powerful local capitalist class? Will the growth and development process be internalised? Will dependency be reinforced? Will the capitalist reinvest his surplus or will it be repatriated? In a word, will foreign capital frustrate or promote development in the host country?

Rather shortsightedly, Lewis was of the view that growth and development would be promoted. The surplus generated in the capitalist sector will be automatically ploughed back into domestic investment to the point where unemployment and underemployment are completely eradicated.

These theoretical criticisms raise doubt on the capacity of the Lewisian strategy to resolve the dilemma of Caribbean economies. Yet this became the development model in vogue in the Commonwealth Caribbean since the 1950s. In the context of Grenada, Gairy pledged his commitment to this model in his 1969 Budget Speech:

'[We will] ... take the necessary action to encourage local [and international] capital to participate in the very necessary industrilization programme of the state. This capital, once invested in Grenada, will get the maximum incentive allowances from the Government for its protection and encouragement'.³⁷

But despite the obvious weaknesses in the Lewis' strategy we cannot attribute the crisis and impoverishment which beset the Grenadian economy under Gairy's administration exclusively to Lewis. Lewis did not assign

the role of corruption, repression, institutional rigidities, arbitrariness in government, and (in a word) all the phenomena which define Gairyism to the state. The raison d'etre of the Lewisian state is to create the perfect environment for the smooth and uninterrupted operation of capital of all kinds. Notwithstanding this disclaimer, it should be stressed that the other governments in the region which pursued policies which were largely³⁸ consistent with Lewis' recommendations typically produced results which were contradictory to Lewis' own expectations. According to one authoritative source (Commonwealth Caribbean Regional Secretariat, 1972) the result was essentially:

'a continuation of the centuries - old pattern of West Indian economy: growth without development, growth accompanied by imbalances and distortions, growth generated from outside rather than within, growth without the fullest use of West Indian manpower, entrepreneurial, capital, and natural resources, growth resting on a foreign rather than indigenous technological base, and growth accompanied by imported consumption patterns'.³⁹

Economic Trends Under Gairy

The net effect of the policies pursued during the post - 1951 period was the reinforcement and consolidation of the economic structure which was implanted by French and British colonialism. Thus on the eve of the Grenada revolution the island retained its status as an agrarian appendage of the international economy.

This is not to deny the modicum of diversification which the economy experienced during this period with the advent and growth of tourism, banking, insurance, commerce, construction, and light manufacturing activities. But when we relate the contributions of these sectors to the socio-economic life of the country, especially in the critical areas of employment creation, gross domestic product, and foreign exchange earnings (and savings), they lag substantially behind the agricultural sector. The basic trend with respect to gross domestic product is presented below in Tables 2:3 and 2:4. In 1961 agriculture accounted for some 39 per cent of GDP. Taken together, the construction, manufacturing, finance, insurance, transport and commerce sectors contributed a mere 28.6 per cent. It should be noted further that the contribution of agriculture to GDP has consistently remained between 30 and 40 per cent. For example, the figures for 1961-1970 are 38.9, 37.8, 34.8, 33.4, 38.2, 34.7, 34.6, 39.9, 39.4, and 38.9, respectively.⁴⁰ Similarly, the agricultural sector alone generated 37 per cent of total employment in 1960 and over 90 per cent of total exports between 1971 and 1978. Apart from agriculture the largest concentration of workers were found in the docks. Although significant to the well-being of the Grenadian economy tourism, commerce, and manufacture accounted for a mere 10,697 jobs in 1969, a modest increase of 14.6 per cent over the 9,135 workers who were employed in these three sectors in 1946. In 1969 the total labour force was estimated at just under 30,000 workers.⁴¹

Although constituting the backbone of the economy the structural problems which had been a cardinal feature of this sector from the very outset remained unchecked. Among the panoply of problems which dogged the island's agriculture were (i) a lop-sided distribution of land skewed towards a tiny plantocracy, (ii) underutilization of the total acreage, (iii) a bias towards export agriculture, (iv) limited technical services and backward technology.

Table 2:3 Gross Domestic Product by Industrial Origin: 1961, 1965-1970 (%)

Sector	1961	1965	1966	1967	1968	1969	1970
1. Export Agriculture	19.1	23.8	19.9	20.7	19.5	18.8	17.9
		38.9	38.9	34.7	34.6	33.1	31.7
2. Other Agriculture	19.7	15.1	14.8	13.9	13.6	12.9	12.0
3. Manufacturing	2.2	3.2	3.2	3.1	3.1	3.1	3.0
4. Construction & Engineering	9.8	8.9	8.0	8.5	8.8	7.6	7.1
5. Distribution & Commerce	13.8	12.6	13.6	13.7	13.6	13.2	12.8
6. Finance & Insurance	NA	4.3	4.3	4.2	4.2	4.0	3.9
7. Transport	2.8	3.4	3.4	3.4	3.4	3.3	3.2
8. Services	7.0	4.9	4.9	4.9	4.9	4.8	4.6
9. Hotels	NA	3.0	4.0	4.2	4.4	5.4	5.2
10. Rent of Dwellings	7.3	7.4	7.5	7.4	7.4	7.3	7.1
11. Government	18.3	13.4	16.4	16.0	17.1	19.6	23.2

Source: British Development Division (BDD) in the Caribbean

Table 2:4 Gross Domestic Product at factor cost, 1961-67 (EC\$'000)

(Current Prices)

Sector	1961 ¹	1962 ¹	1963 ²	1964	1965	1966	1967
Export Agriculture	5,501	5,200	6,084	5,400	8,210	7,110	7,870
Domestic Agriculture	5,661	5,831	4,176	4,800	5,200	5,280	5,300
Manufacturing	620	651	1,454	1,140	1,122	1,140	1,195
Construction	2,820	2,961	2,082	2,930	3,070	2,850	3,222
Transportation	800	824	1,063	1,116	1,172	1,230	1,292
Rent of Dwellings	2,107	2,170	2,355	2,449	2,547	2,674	2,807
Distribution	3,950 ⁺	3,970 ⁺	4,119	4,280	4,370	4,850	5,200
Hotels	(	)	)	805	1,050	1,431	1,591
	2,010	2,111	2,347				
Services	(	)	)	1,600	1,680	1,764	1,852
Finance & Insurance	NA	NA	1,362	1,416	1,473	1,532	1,593
Government	5,245	5,450	4,439	4,550	4,650	5,870	6,090
Total	28,714	29,168	29,481	30,486	34,544	35,731	38,012

(key) (1) Estimates by Karleen O'Laughlin
 (2) Estimates by Keith Padmore
 1964-67 Estimates by B. D.D.
 + include Finance & Insurance

Insights into the first two problems can be gained from Tables 2:5 and 2:6. Even in times of general prosperity of a country and its populace inequality in the distribution of resources is objectionable. It is even more objectionable when the beneficiaries fail to utilize these resources efficiently and rationally.⁴² What Tables 2:5 and 2:6 reveal is that 12 farm holdings (500 acres and over) occupied as much as 9,052 acres of the main means of production (and survival) in the country while over 6,450 holdings existed on a pitiful 2,476 acres.⁴³ Yet the contradiction goes further. Over 50 per cent of the former was idle and hence 'wasted' (from the standpoint of the society's welfare). This contrasts starkly with 4.8 per cent on small holdings under 1 acre. The situation called for a radical land reform programme, not the piece-meal, patronage-ridden programme of Gairy's so-called 'land for the landless'. The Jacobs brothers observed that by 1972 (i.e., 4 years after the land reform scheme was introduced) the agrarian structure of the country remained essentially the same.⁴⁴ This is not surprising because by this time the GULP government was overtly pro-capitalist. It would therefore be unrealistic for the regime to redistribute land belonging to large estate owners to small land-hungry farmers. According to Jacobs and Jacobs the 'land for the landless' programme was aimed not so much at land reform but, more fundamentally; it was Gairy's strategy for victimising non-GULP farmers, mainly from the middle segment who were known to be enemies of his government. As for the land confiscated, these were not redistributed in economical units. Some 50 per cent comprised half-acre lots. Some was also used to establish state farms (which consistently operated at a loss).⁴⁵

Table 2:5 Distribution (Nos. and Acreage) of holdings (farms)
by size group, 1961

Size Group (acres)	No. of holdings	% of total holdings	Acreage (Acres)	% of Total Acreage
L1	6,458	45.8	2,476	4.1
L-L5	6,062	42.9	11,907	19.8
5-L10	934	6.6	5,998	10.0
10-L25	418	3.0	5,867	9.8
25-L50	100	0.70	3,367	5.6
50-L500	42	0.29	2,814	4.7
100-L200	28	0.19	3,618	6.0
200-L500	52	0.36	15,098	25.0
500 +	12	0.08	9,052	15.0
Total	14,096	100	60,197	100

Source: National Census, Grenada 1961

('L' denotes 'less than')

Table 2:6 Proportion of Land Cultivated by size groups

Size Group	Total Acreage (Acres)	Cultivated Acreage (Acres)	Proportion Cultivated (Acres)
L1	2,467	2,349	95.2
1-L5	11,907	10,551	88.6
5-L10	5,998	4,776	79.5
10-L25	5,867	4,149	70.7
25-L50	3,367	2,425	72.0
50-L100	2,814	1,720	61.1
100-L200	3,618	2,456	67.9
200-L500	15,098	9,280	61.5
500 +	9,052	4,219	46.6
Total	60,118	41,915	69.6

Source: National Census, Grenada 1961.

('L' denotes 'less than')

These structural weaknesses, aided and abetted by corrupt government policies were to have its toll on the economy, especially in the critical areas of foreign exchange generation and the consumption requirements of the population. In keeping with tradition, the large estates were involved in commercial, export-oriented agriculture. Small farmers, on the other hand, produced principally to meet the requirements of domestic demand.⁴⁶ But small, uneconomical plots, coupled with lack of and/or limited access to credit facilities, agricultural inputs such as fertiliser, and technical knowledge about soil conservation and irrigation methods, inevitably led to low yields. Low yields meant not only low incomes for farmers but it also has clear and direct implications for the importation of foodstuffs. The situation is made worse if the export sector cannot, or rather does not, generate adequate foreign exchange earnings. It is generally agreed that the problem with Grenada's exports is not one of market constraints but supply inflexibilities.⁴⁷

The period from 1960 to 1978 was one of uninterrupted and growing balance of trade deficits (See Table 2:7), reaching a record level of EC\$50.4m in 1978. In that year the volume of imports exceeded \$EC96.2 m. An integral part of the import bill was comprised of foodstuffs, many of which could be produced locally (especially the carbo-hydrates-based products). In 1972, for example, Grenada imported food items to the tune of \$EC13.3m.⁴⁸ An indication of the value and quantities of the sort of food imported can be seen from Table 2:8.

Table 2:7 Balance of Visible Trade, 1960-1978
(in EC\$)

Year	Exports	Imports	Balance of Visible Trade
1960	7,163,688	14,831,573	-7,668,065
1961	5,930,027	16,082,555	-10,152,528
1962	6,067,720	15,318,789	-9,251,069
1963	7,854,832	15,023,617	-7,168,785
1964	7,220,755	17,672,781	-10,452,026
1965	10,872,452	19,077,304	-8,204,852
1966	10,195,961	21,724,311	-11,528,350
1967	8,580,708	24,081,317	-15,500,609
1968	10,152,968	26,346,092	-16,193,124
1969	15,439,444	34,225,678	-18,786,234
1970	12,074,855	44,631,756	-32,556,901
1971	10,193,194	46,051,213	-35,858,019
1972	10,530,343	42,811,694	-32,281,351
1973	14,512,018	42,487,129	-27,975,111
1974	19,265,913	37,079,822	-17,813,909
1975	26,915,438	52,818,000	-25,902,250
(p)1976	34,121,010	66,215,392	-32,094,382
(p)1977	38,451,312	84,763,336	-46,312,024
(p)1978	45,774,900	96,268,746	-50,493,846

P - Provisional

Source: Statistics Unit, Ministry of Finance, Trade and Industry, p53.

Table 2:8 Quantities and Value of Selected Food Imports in 1972.

Item	Weight '000 lb	Value '000 \$ EC
Flour	11,936	1,356
Rice	2,892	482
Potatoes	1,429	177
Beans, Peas, etc.	629	155
Onions	587	103
Garlic	22	19
Total	17,495	2,292

Source: Cited in T. Ferguson, 'Potential for Increasing Agricultural Production in Grenada', op. cit., p.97.

It is estimated that more than 50 per cent of the island's meat supply originates from abroad.⁴⁹ On the export side of the equation, the general trend was characterised by a combination of stagnation, decline or at best very sluggish growth in some years (see Table 2:7).⁵⁰ Given the prevailing conditions in the agricultural sector it is not surprising that the economy was beset by a net deficit on agricultural trade. In 1972, for instance, total foreign exchange earnings from agriculture stood at \$EC 9.2m (\$EC 4.1m short of the food import bill for that year).

When we take into consideration the fact that agriculture is the dominant earner of foreign exchange for the country it is not difficult to see why a period of constant agricultural trade deficits (and overall balance-of-payments) was paralleled by an upward trend in public debts (see Table 2:9). Between 1973, the year of the OPEC price increase, and 1978 the indebtedness of the government increased from EC\$23.8m to over EC \$51m.

Table 2:9 Central Government Debt (1973-78)

(EC \$ '000)

Year	External Debt ^A	Domestic Debt	Total
1973	8,429	15,390	23,819
1974	10,849	19,856	30,705
1975	13,168	21,152	34,320
1976	15,606	24,046	39,652
1977	19,612	24,513	44,125
1978	19,700	31,378	51,078

(A) Does not take into account valuation adjustments.

Source: Adapted from Abstract of Statistics, 1978 (Central Statistics Office, St. George's, Grenada). p.32.

The continued organisation of the economy along colonial lines during the Gairy era is further evidenced by the range and character of the products which formed the hub of the economy. The concentration of this limited range of unprocessed products into a few markets (including that of the old 'mother country') is also indicative of lack of structural transformation and peripheral status in the world economy. (See Tables 2:10 and 2:11). With such a close integration into the international economy Grenada was very vulnerable to external developments, especially recessions. For instance, the effects of the recession in the world economy after the quadrupling of oil prices in 1973 were fully transmitted into the Grenadian economy. The low elasticity of demand for its few agricultural staples also made for a paucity of foreign exchange earnings.

Agro-industries were still regarded as an activity beyond the capacity of the economy. As late as 1974 the country only had 3 such industries --- 1 sugar mill, 1 animal feed plant and 1 food processing plant.⁵¹ This absence of a wide range of processing plants and storage capacity meant

Table 2:10 Domestic Exports - Direction of Trade 1969-1978 (EC\$ '000)

Country	1969	1970	1971	1972	1973	1974	1975 (P)	1976 (P)	1977 (P)	1978 (P)
United Kingdom	7,952.0	5,794.3	4,209.7	3,827.4	4,791.0	7,504.2	11,332.9	12,782.4	14,418.5	18,752.6
Netherlands	2,454.0	1,416.4	1,351.0	1,891.1	1,899.7	4,092.5	3,782.0	5,956.7	5,552.4	4,546.9
W. Germany	1,646.0	989.5	1,309.9	1,517.2	2,702.4	2,55.2	4,422.3	6,622.8	6,699.4	10,048.8
U.S.A.	829.4	1,114.7	645.6	718.5	1,064.2	427.4	1,291.6	1,427.5	1,407.9	1,146.0
Canada	315.4	207.4	371.8	257.2	319.3	346.2	501.2	681.9	851.2	1,105.7
Belgium	250.5	394.9	224.0	130.9	739.9	454.1	768.9	1,256.4	1,827.6	2,531.9
Trinidad	183.2	84.7	110.7	463.4	445.0	638.9	677.3	791.4	1,078.6	1,829.7
Rest of the World	1,146.9	881.5	1,068.0	1,148.9	1,675.5	1,932.0	3,109.9	3,394.9	5,195.9	4,426.0
Total	14,777.4	10,953.2	9,290.7	9,954.6	13,637.0	17,650.5	25,888.1	32,914.0	37,031.5	44,387.6

P - Provisional

Source: Adapted from Table 6.3 - Statistics Unit, Ministry of Finance, Trade and Industry, p57.

Table 2:11 Domestic Imports - Direction of Trade 1969-1974 (E.C. \$ '000)

Country	1969	1970	1971	1972	1973	1974
United Kingdom	10,881.3	13,834.0	14,104.7	10,935.3	11,306.6	9,799.1
U.S.A.	4,021.4	5,890.4	4,689.7	4,195.9	3,972.1	2,978.1
Canada	2,998.7	4,372.4	3,649.3	3,902.9	3,364.5	3,331.1
Trinidad	5,185.1	6,934.4	8,229.8	7,959.0	8,322.7	8,298.0
Netherlands	1,412.2	1,428.7	1,958.5	1,485.5	1,294.2	1,169.7
West Germany	702.5	1,058.4	1,046.6	1,201.0	1,241.4	704.8
Rest of World	9,024.5	11,113.5	30,372.6	13,132.1	12,985.7	10,799.0
Total	34,225.7	44,631.8	64,051.2	42,811.7	42,487.1	37,079.8

Source: Adapted from Table 6:7, Statistics Unit, Ministry of Finance, Trade and Industry, p62.

that much of the abundant supply of fresh tropical fruits and vegetables with which the island was blessed were either wasted or had to be hastily consumed, especially in times of abundance. The range of fruits include mangoes, soursops, citrus fruits, guavas, plums, and apples. Not only could these be canned and exported but they could certainly help to meet the food requirements of the population outside of the fruit season.

Similarly, there was tremendous scope in the processing of the country's traditional export crops --- cocoa, nutmegs/mace and bananas. These were exported in their raw state and were consistently responsible for over 90 per cent of the country's exports. Their respective output for the period between 1971 and 1978 is shown in Tables 2:12 and 2:13.⁵²

Table 2:12 Major Export Crops; 1961-1972 (in million pounds).

Year	Cocoa	Nutmegs	Mace	Bananas
1961	4.97	1.24	0.14	25.9
1962	5.01	1.06	0.16	22.2
1963	6.09	2.18	0.36	32.6
1964	5.10	2.59	0.25	32.6
1965	6.67	2.59	0.32	47.2
1966	4.62	3.10	0.43	46.1
1967	5.31	1.16	0.21	58.6
1968	6.05	3.02	0.33	59.9
1969	6.98	3.16	0.40	51.1
1970	6.04	3.23	0.37	42.2
1971	5.46	3.74	0.52	31.5
1972	5.25	4.14	0.95	25.1

Source: W.M. McMillian and N. James (1972) Grenada Agricultural Statistics Handbook, FAO, Rome.

Table 2:13 Value and Composition of Domestic Exports, 1971-1978 (EC \$ '000)

Produce	1971	1972	1973	1974	1975	1976	1977 ^(P)	1978 ^(P)
(1) Cocoa (lbs)	3,330.0	1,497.8	3,573.7	5,427.6	6,762.7	8,576.9	8,891.0	19,573.6
(2) Bananas (lbs)	1,767.3	1,557.8	1,966.5	3,466.6	6,525.6	7,664.8	8,638.6	9,313.8
(3) Nutmeg (lbs)	3,244.1	4,304.5	5,197.5	6,120.3	9,943.1	12,482.0	16,006.8	10,739.4
(4) Mace (lbs)	706.6	917.5	1,702.1	1,605.7	1,424.4	2,766.0	1,628.2	1,740.8
[Sub-total (1-4)]	9,048.0 (97.4%)	8,277.6 (83.2%)	12,439.8 (91.2%)	16,620.2 (94.2%)	24,655.8 (95.2%)	31,489.7 (95.7%)	35,164.6 (95.0%)	41,367.6 (93%)
(5) Other	242.7	1,677.0	1,197.2	1,030.3	1,232.3	1,424.3	1,866.9	3,128.0
Total	9,290.7	9,954.6	13,637.0	17,650.5	25,888.1	32,914.0	37,031.5	44,495.6

P - Provisional

Source: Statistic Unit, Ministry of Finance (Table 6.2., pp.55-57)

The nutmeg industry has emerged as the catalyst of the Grenadian economy, especially since 1975. It comprised 38 per cent of total exports in 1973 and approximately 50 per cent in 1975. Foreign exchange proceeds from nutmeg production in 1976 reached an impressive US \$5.5 m.⁵³ The market share for this product is dominated by Grenada and Indonesia. This is estimated at 95 per cent of world production during 'normal times' with Grenada accounting for about one-third of total output.⁵⁴ The quality of Grenada's nutmeg is considered to be superior to that of Indonesia and consistently attracted a higher price.⁵⁵ Traditionally about 81 per cent of Grenada's nutmeg production and 97 per cent of its by-product, mace, goes to the U.K., U.S.A., Canada, West Germany and the Netherlands. The U.K. is the largest single importer of mace (approximately 40 per cent). The 'multiplier effect' from the processing of raw nutmeg and mace into oils, resins, soluble spices, powder, jam and jellies is thus generated into the economies of her trading partners.⁵⁶ The price fetched on the international market tends to fluctuate with supply and demand. Reduced supply in 1972 and 1973, for instance, (due to drought in both Grenada and Indonesia) led to price increases, or rather price recovery, i.e., from an average market price of 77 cents (EC) per pound in 1972 to 96 cents (EC) in 1973.⁵⁷ Given the control exercised by these two producers it may be mutually beneficial if they collaborate with each other with a view to securing better returns from the industry rather than engaging in cut-throat competition with each other.

Grenada is less fortunate in its share of the cocoa market. The country has to contend with giant competitors from the Cameroons, Ghana, Nigeria, Ivory Coast, and Brazil. The market share of these countries is estimated at 80 per cent compared to 1 per cent for Grenada.⁵⁸ Some 50 per cent of Grenada's cocoa exports is absorbed by the U.K. market. The structure of the market and Grenada's relative position in it makes it impossible for

her to single-handedly exert any influence on cocoa prices. Production increased steadily after the devastation unleashed by hurricane Janet in 1955. This disaster was a blessing in disguise since most of the cocoa plants before 1955 were of the old, low-yielding variety. Farmers were generally content with reaping the marginal proceeds from old plants rather than bearing the costs involved in replacing them. Average production between 1950 and 1955 was 5.68 million pounds. The resulting increases after the post-1955 rehabilitation programme are evident from Table 2:12. The figure of 6.98 million pounds recorded in 1969 was unprecedented in the history of the industry.

Banana production, the third pillar of the Grenadian economy, experienced a period of sustained decline during the Gairy regime. From a peak level of 59.9 million pounds in 1968 it plummeted to 31 million pounds by 1979, a fall of almost 100 per cent. (See Table 14 for the complete set of figures for the 1961-1978 period). The crisis in the banana industry has been attributed to competition from rival producers in the region, poor farming practices, stringent grading practices in the preparation of the crop for exports, and the subsistence approach to agriculture characteristic of many of the farmers involved in banana production.⁵⁹

The fall in production coincided with an upward movement in banana price, i.e. from E.C. 6 cents per pound in 1968 to E.C. 32.1 cents in 1979. This is a classic example of Grenada's inability to respond to, and take advantage of, demand increases and opportunities for initiating change, at least in the rural sector. Traditionally, Grenada, like other West Indian banana growers, enjoy a protected market in the U.K. In the case of the Windward Islands, the crop is marketed by the U.K. - based Company, Geest Industries Limited. As in the days of plantation slavery, the fruits are transported in ships belonging to metropolitan interests (GEEST in this

case), ripened in the Company's depots, and then wholesaled. During the 1960s, when production was relatively high, the Commonwealth Caribbean enjoyed a virtually complete monopoly of the U.K. market, accounting for some 95-97 per cent of the market. This share declined in line with declining production levels, reaching 77 per cent in 1971.⁶⁰ This shortfall was increasingly filled by non-Commonwealth producers, most notably Surinam, the Cameroons, and Ivory Coast. The foreign capitalists and Grenadian comprador bourgeoisie derived their profits from the transporting, marketing and processing of the export crops. They were not terribly concerned with the production inefficiencies and wider structural problems which dogged Grenadian agriculture.

Table 2:14 Banana Exports and Average Price Received (1961-1978).

Year	Exports (million lbs)	Average Price received per lb (E.C. Cents)
1961	25.9	5.0
1962	22.1	6.3
1963	32.6	5.6
1964	32.6	5.6
1965	47.2	5.6
1966	46.1	5.6
1967	58.5	5.6
1968	59.9	5.6
1969	50.6	5.6
1970	42.1	5.4
1971	31.5	4.9
1972	28.0	5.8
1973	24.2	11.1
1974	19.6	15.9
1975	30.1	22.1
1976	35.0	22.0
1977	32.0	26.4
1978	31.5	28.6

Source: Adapted from G. Brizan, Grenada: Island of Conflict, pp.301-304

The retention of features of the old plantation system could also be seen in the structure and functioning of other sectors of the economy. For instance, the banking system was dominated by foreign interests, viz, Canadian Imperial Bank of Commerce, Royal Bank of Canada, Barclay's International and Bank of Nova Scotia.

For our purpose the basic argument is that the sectoral distribution of loans and advances in any economy has critical implications for the magnitude of real economic activity. It is clear that the pattern of credit is a major determinant of the pattern of expenditure which, in turn, has direct influences on the pattern of resource allocation. By extension this has implications for economic development/underdevelopment. A commercial bank's ability to attract an increasing amount of savings largely influences its portfolio and in a real sense this constitutes the basis on which banks can extend credit to borrowers. In the final analysis, it is the bank's standard of credit-worthiness which constitute the major constraint on the expansion of loans and advances to borrowers of all kinds. Certain commentators argue that the standards of credit-worthiness which commercial banks practice in the Caribbean largely reflect those obtaining in the north Atlantic economies.⁶¹ This is largely responsible for the application of what one might describe as restrictive and inappropriate standards of credit-worthiness in these economies.

There are three main criteria used by the banks to determine credit-worthiness. This is usually dubbed the 3 C's of bank lending, namely, character, capital, and competence. (Perhaps we can also add colour in the west Indian context since this invariably tends to influence the bank's subjective assessment of character and competence). In many

instances the sectorial allocation of loans and advances is biased by the social and economic background of senior banking executives. In the words of one analyst, based on his observation of bank lending in Guyana:

'Social class biases the interpretation of personal integrity in favour of applicants from a similar background'.⁶²

This factor coupled with the bank's principal goal of maximising profit on its operations and minimising risks, account for the pathetic situation in Grenada (and elsewhere in the Caribbean) where loans are made readily and in large quantities to short-term borrowers (mainly the distributive trade) while medium - to long-term credit is hard to procure, especially if the borrower is a small businessman. From the standpoint of the bank it is a risky venture to borrow short and lend long. Secondly, there is the argument that a constant flow of repayments of short-term advances is necessary to meet the demands of other customers desirous of credit. Thirdly, it is argued that when money is loaned on a long-term basis, the rate of turnover passing through an account will be less than the case of the advance on a short-term self-liquidating basis. It is thus argued that the banker's commission, which is often based on turnover, will be diminished if the money does not revolve in a manner which enables it to be re-loaned.⁶³ While these considerations make good business sense for the private (foreign in this case) operators, the result for the national economy is a perverse allocation - which goes a long way to deepen the structural problems of the economy. Quoting Bishop:

'They (the banks) are lending money left and right to buy cars and radiograms and other things which cannot produce food for us to eat, and which we have to buy at fat prices from the same countries the banks came from. But our farmers and small

businessmen catch hell to get a loan from them.

... On top of all this, they rake fat profits out of the country daily. We will put an end to this bubul⁶⁴

To put some quantitative dimension to the foregoing, it was observed that in 1977 a total of \$ EC 27m was distributed between Grenada's four principal sectors --- agriculture, tourism, manufacturing and distribution. From this sum \$ EC 15m (or over 55 per cent) went to the distribution sector, agriculture obtained \$ EC 6m (or 22.2 per cent), tourism \$ EC 4m (14.8 per cent) and the rest, EC \$2m (7.4 per cent) went to manufacturing.

Small wonder imports, including large quantities of consumer items, have been increasing over the years thus putting enormous strain on the balance of payments. The dearth of credit in the agricultural sector, particularly to small farmers,⁶⁵ mean the industry cannot realise anything close to its full potential. The result is rural undevelopment. Viewed from another angle, the branch-plant banks were instrumental in consolidating the interests of those classes (notably the comprador bourgeoisie) whose behaviour was inimical to change. By financing imports they were at the same time securing the Grenadian market for exporting firms based in the 'headquarter countries' (of the banks).

A somewhat similar picture emerges for the tourism industry. This sector expanded throughout the 1960s and 1970s on account of the steady and rising demand for holidays in this tropical 'Garden of Eden'⁶⁶ in the Caribbean. The hotels which were established were primarily designed to meet the ostentatious desires of tourists from affluent socio-economic backgrounds. As Table 2:15 demonstrates most of the visitors are concentrated in a few countries, notably the U.S. Visitor arrivals in

Grenada reached the extraordinary figure of 37,933 in 1972, and this was despite the lack of direct air facilities to the island.⁶⁷

Table 2:15 Visitor Arrivals by Country of Origin, 1960-1978

(excluding Cruise-ship Visitors)

Year	U.S.A.	Canada	Britian	Venezuela	West Indies	Other	Total
1960	2,074	367	1,377	307	3,334	450	7,909
1961	2,124	431	1,645	184	3,171	415	7,970
1962	2,294	460	1,862	140	3,054	371	8,181
1963	2,712	702	2,217	142	3,122	423	9,318
1964	3,167	859	2,109	153	4,412	488	11,188
1965	4,240	1,371	2,607	229	4,781	622	13,850
1966	6,357	1,886	3,509	238	5,157	988	18,135
1967	7,489	2,074	3,922	224	5,707	1,133	20,549
1968	9,600	2,859	3,610	287	5,229	1,579	23,164
1969	10,862	3,419	4,355	374	9,475	1,142	29,627
1970	11,214	3,759	4,757	330	8,898	1,478	30,436
1971	12,441	4,662	4,875	558	10,817	2,273	35,626
1972	13,157	5,431	4,419	435	11,216	3,275	37,933
1973	11,665	4,134	3,595	445	10,455	3,196	33,490
1974	4,044	1,535	1,858	197	4,819	2,270	14,723
1975	5,510	2,140	2,259	268	7,537	3,345	21,059
1976	6,095	2,509	2,818	599	8,034	4,496	24,551
1977	7,982	2,803	3,032	518	8,071	6,139	28,545
1978	9,191	2,977	3,949	498	8,773	6,948	32,336

Source: Adapted from data published by Grenada Tourist Board

By the late 1970's a total of 'thirty-odd' hotel owners were reported.⁶⁸ Although some of these were owned by local businessmen, the larger share of the industry (and the best resorts) were dominated by foreign ownership. The multinational Holiday Inn alone accounted for 60 per cent of the total bed space in the sector.⁶⁹ Many of these owners were also involved in other complimentary services such as transport and restaurant. Foreign entrepreneurs also invested in private housing settlements for

holiday and retirement purposes thereby reinforcing their hold on the island. Often these were constructed on some of the country's best land.

Needless to say the tourism sector was important to the Grenadian economy. Opinions differ, however, on the extent of the industry's contribution to the island's development. It has been argued that very little economic intercourse in established between tourism and other sectors of the economy, particularly agriculture and construction.⁷⁰

The post-war experience of the Grenadian economy thus bore many of the trends and features which characterised other Caribbean economies. But in the case of Grenada the situation was further compounded by the practices associated with Gairyism. This led to the peculiar result of stagnation and retrogression in contradistinction to the norm elsewhere of 'growth without development'.⁷¹ In these circumstances it was therefore natural that destitution and social misery would be more pronounced in Grenada. The cry for change would correspondingly be louder as well.

The Heightening of the Crisis and the Birth of the Grenada Revolution

As the balance of payments deficit became wider and wider and the real gross domestic product got smaller and smaller,⁷² the unemployment rate and the general cost of living went awry. Although this horrendous state of affairs hurt virtually the whole population it was the workers and peasants who bore the brunt of the crisis. According to one source the unemployment rate in 1960 was as high as 42.6 per cent of the total labour force.⁷³

A decade later, instead of decreasing it rose further to 44.6 per cent. Of the 55.4 per cent who worked in 1970 as much as 30 per cent of them

were seasonally employed, i.e. employed for less than 10 months per year.⁷⁴ By early 1979 open unemployment was believed to be as high as 50 per cent. When evaluated in terms of sex and age the picture was even more gloomy, i.e. 69 per cent for females and some 80 per cent for those who were under 23 years old.⁷⁵ Had it not been for significant net emigration (see Table 2:16) the unemployment scenario would have been even more intractable.

Table 2:16 Net Migration (1961-1969)

Year	Total
1961	-2,346
1962	-1,721
1963	-261
1964	-528
1965	-740
1966	+152
1967	+130
1968	-198
1969	N.A.

Source: British Development Division in the Caribbean.

Key (-) denotes net outflow

(+) denotes net inflow

Although obviously less worse off than their unemployed counterparts, the employed segment of the population nevertheless had to content themselves with poor and insecure working conditions and low and relatively stagnant wages. Despite a proliferation of Trade Union organisations the cause of

employees as a class went un-noticed. The GMMWU which continued to monopolise the unionisation of workers, contrary to the wishes of many of the workers, was by now blatantly anti-working class in outlook and in practice.⁷⁶ Since Gairy was now inextricably bound to capital and property, being an employer himself, it would be unrealistic to expect him to strengthen the power and bargaining capacity of workers. Some indication of the wage structure in the key sectors of the economy can be gleaned from Appendix F of W.R. Jacobs and I. Jacobs (1980).

It can be readily observed from the data that apart from the hotel sector no significant wage differential existed between the different sectors. In fact, wages in the agricultural sector were even larger than those prevailing in the so-called prestige sectors like manufacturing - a situation which contrasts with the general trend elsewhere in the Caribbean. In 1974, for instance, agricultural labourers earned a daily wage rate of EC \$4 per day for males and EC \$3 for females compared to EC \$2.50 per day for supervisory work in manufacturing (apparel and textile goods) and EC \$2.25 to EC \$3.50 per day for shop assistants depending on the town in which they work. The wage rate in the hotel sub-sector of the economy was comparatively better. Waiters and maids earned a minimum wage of EC \$5.00 to EC \$7.50 per day.

The low wages which characterised the various sectors are suggestive of the general dominance of capital over labour in Gairy's Grenada. Government ministers, senior civil servants, secret police and other personnel close to Gairy, on the other hand, received colossal remunerations --- sums which bore no direct relation to their contribution to the country's national output. Salaries as high (i.e., by Grenadian standards) as EC \$2,000 per month, tax free, were reported.⁷⁷ No attempt was made to create an efficient civil service with promotions based on

merit criteria. Inefficiency was condoned so long as these workers were loyal to 'Uncle Gairy'.

The low incomes which the employers paid to the masses with one hand were quickly taken away with the other by themselves or their counterparts who controlled the production and/or distribution of consumer goods. According to figures published in the Grenada Abstract of Statistics (1978), in the thirteen years between 1964 and 1975 the price of basic foodstuffs escalated by 200 per cent, clothing went up by 164 per cent, and housing by 135 per cent.⁷⁸ Since wages either remained static or at best rose marginally, it is clear that the real wages of most workers experienced a downward trend.

Many of these price increases were caused by indirect taxes and the corrupt practices of the merchant class, which in turn were generally attributable to corruption at a higher level (i.e., the monopoly privileges which Gairy bestowed on his political cronies). Jacobs and Jacobs write:

'It is no secret that up to 1975 one individual had the sole right to import sugar which he did at a cost of EC \$53.00 per 200 pound bag, yet that same sugar was allowed to be sold to the general public within Grenada at EC \$113.00 per 200 pound bag. Moreover, this is only one example of a situation that applied to other commodities and as such it is clear that the open exploitation of Grenada's working class, which was there from the start of the 20th century, was still there three quarters of the way through that century'.⁷⁹

The lot of the Grenadian masses was further exacerbated by the limited and deteriorating social services which existed. Provision of housing, health and educational services, manpower development, maintenance of physical infrastructure (especially, roads, telecommunication, electricity, and water supplies) all took a backseat on the government's list of priorities. In an address to the Caribbean Development Bank (CDB) in April 1979 Bernard Coard pointed out that the percentage of homes without pipe-borne water exceeded 60 per cent. Those who had these facilities received very little water in actual fact because of the age and quality of the piping system. For example, as much as 70 per cent of all water entering the capital town, St. George's, was lost before it reached the homes of Grenadians.⁸⁰

The scarcity of general practitioners and the rising cost of medical services (in the case of private doctors) and drugs deprived poor Grenadians of medical attention. The three medical clinics which existed were described as 'unsatisfactory and ill-equipped'.⁸¹ Items as basic as bandages, tablets, ambulance services, sheets, and pillow cases were non-existent. According to one source:

'Women gave birth on cold concrete floors as cockroaches scurried through the filthy wards. Even these services cost more than most people could afford, and many rural Grenadians received no health care at all. Dentistry was virtually an unknown science in pre-revolutionary Grenada, where not a single public clinic existed for those who could not pay private dentist fee'.⁸²

A similar picture emerges for the education sector. The training of teachers, upgrading of buildings, provision and maintenance of school furniture, were all left unattended. In as much as ordinary Grenadians were conscious of the overwhelming importance of education as a tool of upward mobility their aspirations were shattered. Many could not afford the cost of books, uniforms, transportation and lunch for their children. The abysmal state of the economy compelled many to shorten the period spent at school (usually at the third or fourth grade level) so that they could contribute to the livelihood of the family. Small wonder functional illiteracy afflicted as much as 33 per cent of the population in 1978.⁸³

Gairy even terminated Grenada's contribution to the operation of the regional University, the University of the West Indies, thereby depriving promising Grenadians, especially those from humble backgrounds, access to a subsidised education at the tertiary level. The pressing need in the islands for trained human resources was never recognised. According to one source this was a carefully orchestrated policy since Gairy felt threatened by well-educated Grenadians:

'Gairy knew that educated Grenadians held him in contempt, and he feared --- correctly --- that University-trained youths might pose a future threat to his control'.⁸⁴

Such moves, coupled with the increasing shortage of employment opportunities, made Gairy the bete noire of the youth segment of the population. Unlike their parents, who could recount a few gains from him in the early years when he was busy getting himself established, they could only remember, or see, mounting misery and social discontent. The impact of the international crisis on what has always been an ailing agricultural sector drove many to the urban areas in search of material

betterment. But they soon learned that without good social connections it was virtually impossible to get paid employment outside the stagnant agricultural sector. Young girls were less unfortunate. If they knew 'Uncle' and were prepared to gratify his sexual whims and fancies a job was assured. As in the 1950s political awareness sharpened. Many of the dispossessed and marginalised began to participate in political activities. The redemptive philosophy of rastafarianism and christianity provided solace to others.

The drying-up of funds from traditional foreign sources, allied to the deteriorating foreign exchange situation of the country, further deepened the crisis in the public sector. On account of his mis-management and the tendency for money to disappear from the treasury the CDB refused to grant further loans and aid to the country. For the same reasons some \$ EC 19m from other foreign sources was withheld in 1977.⁸⁵ In the knowledge of these corrupt practices OPEC perhaps were somewhat myopic when they granted the regime aid to the tune of \$US175,000 in 1977. This gift was meant to assist in the rehabilitation of the island's dilapidated infrastructure, particularly pipes.

It is noteworthy that between 1973 and 1979 not a single Auditor-General's report on the Government's Accounts was carried out.⁸⁶ As a result of these malpractices, even the so-called Grenada Development Bank (GDB), supposedly an agricultural bank, was starved of funds - from both internal and external sources. As a counter measure, the merchants who dominated the marketing associations typically diverted surplus financial resources to foreign sources, especially to Barbados. This dearth of funds made it even more difficult for small farmers to procure credit. So chaotic were the government's finances that in 1973 members of the civil service went unpaid due to the complete depletion of funds. Fortunately

for Gairy his few remaining foreign allies came to his rescue and moderated the crisis. An 'independence gift' of £2.5m came from the U.K. and US \$2m came from Jamaica, Guyana, and Trinidad in loans.

The private sector was also hit by the crisis, spearheaded by the regime's corrupt and arbitrary practices. Gairy's modus operandi was to make as many people as possible dependent on him economically for their well-being. A highly centralised state machinery, where decisions of all kinds and magnitude were made dependent on the Cabinet which, for all practical purposes, was Gairy - facilitated this control.

Those who gave Gairy political support, or rather pretended to give, would be the beneficiaries of a host of special privileges --- the sanctioning of wage decreases, granting of monopolies, tax rebates, import licenses, etc. All new projects had to be personally approved by him. Whether or not they were approved was not related to the potential costs and benefits to the country as a whole but with respect to their scope for his personal aggrandisement. Often the applicant was required to spend large sums of money entertaining guests at one of his growing number of night-clubs before an application was examined, let alone approved. Those businessmen who were involved in sectors which competed with his business interests, especially tourism, frequently incurred his displeasure.

Taxi-drivers, too, benefited from his patronage. They were urged to introduce tourists to his hotels, even if prior reservations were made for other hotels⁸⁷ In many cases he would approach tourists directly and impress upon them the unrivalled services offered by the hotels belonging to the Honourable Prime Minister. Still further, members of the class of employers were expected to make contributions in kind and cash to fêtes and rallies. By 1979 these were elevated almost to the status of a

national pass-time. According to one source the cost of one such fête in 1977 exceeded \$ EC 7,500 for just food and entertainment.⁸⁸

In general this style of politics had a deleterious impact on the private sector as a whole. The growing wave of unrest from virtually all segments of the population (culminated in the 3-month long island-wide strike from January 1, 1974), the heightening of the political tempo, the Prime Minister's constant raiding of the treasury, the unreliability of public utilities (particularly pronounced in the areas of electricity and water supplies), the reverberations of the international crisis in the domestic economy, all had their toll on the employers of labour. The fall in business confidence is apparent from the sluggish growth in investment during the last years of the Gairy regime. In 1976 total domestic investment amounted to US \$13.6m. This figure rose marginally to US \$14.7m in 1977 and fell to US \$11.8m in 1978.⁸⁹ Although merchandise exports (and tourist arrivals) recorded an upward trend after the 1974 domestic crisis, due mainly to increases in the world price for the country's major exports and favourable weather conditions, these positive developments were outstripped by the rapid surge in the nation's import bill over the same period (see table 2:7 above).

Summing up the state of the economy on the eve of the Grenada revolution the World Bank noted:

'The country was ... plagued by a low standard of living, heavy unemployment and under-employment, inadequate production of basic food-stuff, inflation and persistent deficits in the balance of payments'.⁹⁰

To maintain political power in the face of such economic adversities, Gairy stepped up his repressive apparatus and his mysticism. The former was geared against any one who opposed or agitated publicly against his government. Although he genuinely believed that he possessed mystical powers his appeal to the power of God was an attempt to exploit the fears, superstitions, and backwardness of the Grenadian masses --- particularly the old and the rural strata who generally took religion to fanatical proportions.

The brunt of the oppression unleashed by his specially selected security forces fell on activists from the New Jewel Movement (NJM). The NJM was established in March 1973 by the merger of the Movement for Assemblies of the People (MAP) and the Joint Endeavour for Welfare, Education and Liberation (JEWEL). MAP was predominantly urban-centered and was the brain-child of Maurice Bishop and Kenrick Radix, both of whom had studied law in the United Kingdom and had recently returned to their homeland. JEWEL, on the other hand, was rural-based and was founded by Unison Whiteman who, too, had recently returned home after studying economics at Howard University. The merging of the two groups into one coherent organisation seemed to them to be a logical step at the time since they both had similar aspirations, namely, the liberation of Grenada from 'Gairyism' and all forms of oppression and domination. Hardened by their experience abroad where they came into direct contact with racism, and galvanised into action by the concrete developments in their country, they were determined to shunt their society on a different course of development. Many were inspired by the Cuban Revolution and the activities of the Black Power Movement. Bishop's return to the island was well-timed. He had the fortune of witnessing large black power demonstrations in Trinidad in early 1970. Although he also observed that many demonstrators were savagely arrested by the police, that did not

deter him from engaging in confrontational politics in his native Grenada.

Sensing that these uprisings in neighbouring Trinidad could easily influence his opponents in Grenada, Gairy publicly declared his government's intention to use violence as a policy for 'stabilising' his society:

'It is said that when your neighbour's house is on fire, keep on wetting your own house. We are now doubling the strength of our Police Force, we are getting in almost unlimited supplies of new and modern equipment. ... Opposition referred to my recruiting criminals in a reserve force. To this I shall not say yeah or nay. Does it not take steel to cut steel? ... Indeed, hundreds have come and some of the toughest and roughest roughnecks have been recruited. ...'⁹¹

True to form, he proceeded to strengthen the power of his infamous 'Mongoose Gang', 'The Night Ambush Squad', 'The Green Beasts', and 'The Iguanas' by a range of repressive legislations⁹² and large supplies of arms and ammunitions from foreign allies --- Pinochet's Chile, South Korea, the United States and South Africa.

The 'Mongoose Gang' soon proved how 'rough' and 'tough' they were when six prominent members of the NJM --- Maurice Bishop, Unison Whiteman, Selwyn Strachan, Hudson Austin, Simon Daniel, and Kenrick Radix --- were brutally beaten on Sunday, November 18, 1973 (an event subsequently commemorated as 'Bloody Sunday').⁹³ This incident sent shock waves throughout the island. The Committee of 22 which comprised organisations embracing the whole class spectrum of the society (most notably, the Chamber of Commerce, the

Employers Federation, the Civil Service Association, churches, schools and trade unions) publicly condemned the savagery and demanded an enquiry into the circumstances surrounding it. The upshot was a Commission set up under Herbert Duffus, a Jamaican jurist. But the recommendations of the Commission went unheeded.⁹⁴ Innocent Belmar, for instance, who was debarred from all public duties, was subsequently made a minister of government. Moreover, about two months later (January 21, 1974), 'Bloody Monday' followed, with the wanton murder of Rupert Bishop, father of Maurice Bishop. Rupert was shot at the entrance of a building along the Carenage (St. George's waterfront) as he tried to appeal to Gairy's secret police for the safety of the women and children who had taken up refuge in the building in the wake of the violence in the street. This incident served further to intensify the tensions in the society. The island-wide strike which was in progress at the time of Rupert's death continued for another two months with very crippling effects on the already fragile economy.

In the midst of this profound crisis the British government proceeded to grant independence to Grenada under Gairy's leadership. Predictably, the tensions escalated and these were greeted with mounting repression from the state. Nevertheless, the NJM continued to maintain a visible and increasingly powerful profile. Of the six seats won by the People's Alliance⁹⁵ in the 1976 election, three went to the NJM and Maurice Bishop became the leader of the opposition. With Bernard Coard's return to the island in 1976, the NJM underwent a qualitative leap. Apart from continuing to protest against the economic, social, and political conditions in the island, the NJM began to place special emphasis on organisation, tactics and strategy for acquiring power. They were convinced (after the 1976 election) that Gairy's corrupt and dictatorial regime could not be removed by parliamentary means.

The opportunity for coming to power by an alternative route came in March 1979. Gairy left the island on March 12, 1979 for New York to discuss, further,⁹⁶ the subject of Unidentified Flying Objects with the Secretary - General of the United Nations (UN). Meanwhile orders were left, allegedly, with members of his security force to carry out the assassination of eight of the leading members of the overwhelmingly popular NJM.⁹⁷ The information was leaked to the NJM leadership on the same afternoon of Gairy's departure by disaffected members of the police force. At 4 a.m. on March 13, 46 NJM combatants, under the leadership of Hudson Austin, launched a successful attack on the Army barracks at True Blue. One hour later, the Radio station was captured from where Grenadians were mobilised to come out and support the revolution. The response to Bishop's appeal was overwhelming.

Within twelve hours, at the expense of only three lives, the long-awaited revolution became a reality and a People's Revolutionary Government (PRG) was established. The daunting task of transforming the legacies left in all spheres of the economy, society, and polity by centuries of colonialism and years of mismanagement and economic decay under the Gairy regime now fell on a new generation of leaders. Apart from these constraints, the young revolutionaries had no practical experience in managing the complex affairs of a country. What they had, however, was energy, enthusiasm and, very importantly, popular support from all segments of the population - all of which were absolutely critical to the survival of the revolution and the realisation of their goals.

1. D. Lowenthal, West Indian Societies, (London, Oxford University Press, 1972), p253.
2. The lag in the constitutional advance of the West Indian colonies and other black areas of the British Empire contrasts sharply with political developments in the white colonies. Canada, for instance, became an independent nation from as early as 1867. New Zealand attained similar status in 1907. See Ann Spackman, Constitutional History of the West Indies, (Puerto Rico, Caribbean University Press, 1975) for a discussion of this theme.
3. See George Brizan, Grenada: Island of Conflict, chapter 20 for further details on this structure of government in the Grenadian context.
4. The full compliment of the Council was 8 elected members, an Administrator with a casting vote, 3 official members and 3 nominated unofficial members.
5. Membership in the GMMWU in 1951-2 stood at 16,000 (6,000 paid and 10,000 unpaid). The number fell to 7,700 by 1959 (3,600 paid and 4,100 unpaid) and then to 3,000 by 1962. See A. Singham, The Hero and the Crowd in a Colonial Polity, p185.
6. Between 1957 and 1972 the GNP nominated 52 candidates for general elections and, with the exception of 1 (a shoemaker), they were all drawn from the elite strata. See W.R. Jacobs and I. Jacobs, Grenada: The Route to Revolution, p73 for the full list and their respective professions.
7. The programmes and policies for bringing about this end are contained in the party's 1972 manifesto captioned 'The People's Charter'. See Appendix 2 of Institute of International Relations, Independence for Grenada - Myth or Reality?, (University of the West Indies, St. Augustine, Trinidad, 1974), p135.
8. See W.R. Jacobs and I. Jacobs, Grenada: The Route to Revolution, especially pp61-63 for a discussion of the class implications of the various legislations which were passed during their administration. Both parties embraced and adopted the dependent model of development ('Industrialisation by Invitation') propounded by W.A. Lewis. This model is discussed later in this chapter.
9. Quoted in W.R. Jacobs and I. Jacobs, Grenada: The Route to Revolution, p66.
10. See Institute of International Relations, Independence For Grenada: Myth or Reality?, p 22. It should be also emphasised that the Chamber of Commerce was one of the GNP's traditional allies.
11. The 1972 manifesto, for instance, boldly notes:

'We seek to change the system which ensures that those who have, have more and those who have not, have less. We are determined to redistribute the economic potential of this country so that all may

benefit. We will ensure that there is a more equitable distribution of income. Bitterness and frustration will not deter us and we ask all those who, like ourselves, want change by ACTION AND PROGRESS to join with us so that we may give 'Economic Power to the people' (See Institute of International Relations, Independence For Grenada: Myth or Reality, p 131. Emphasis is in the original).

12. Although this patron - client style of politics was very pronounced in Grenada, especially under GULP, it was by no means peculiar to this island. It was a Caribbean - wide phenomenon. See Carl Stone, Democracy and Clientelism in Jamaica, (New Brunswick, New Jersey: Transaction Books, 1980) for a discussion of this point.
13. Institute of International Relations, Independence for Grenada: Myth or reality?, p 22.
14. A Singham, The Hero and the Crowd, in a Colonial Polity (New Haven, Yale University Press, 1968), p 174.
15. W.R. Jacobs and I. Jacobs, Grenada: The Route to Revolution, p107.
16. See 'Report of the Commission of Enquiry into the Control of Public Expenditure in Grenada during 1961 and Subsequently' (October 1962, Government Document). [The currency was not stated but it is likely to be local dollars].
17. 'Report of the Commission of Enquiry into the Control of Public Expenditure in Grenada during 1961 and Subsequently', pp 9 - 10.
18. W.R. Jacobs and I. Jacobs, Grenada: The Route to Revolution, p 63.
19. The main issue in the 1962 election campaign was not so much 'Squandermania' as the constitutional future of the island following the collapse of the West Indian Federation. The GNP proposed the integration of Grenada with their petroleum - rich neighbour, Trinidad and Tobago. Most Grenadians favoured this highly unrealistic proposal to Gairy's less attractive option of federating with the other 7 small territories in the Eastern Caribbean. See A. Payne, The Politics of the Caribbean Community 1961-1979 (Manchester University Press, Manchester, 1980) for details of the failure of the attempt at federation.
20. Author's interview with various Grenadians in June, 1987. Having squandered his earlier gains on his characteristically extravagant and flaboyant life style, he was now reduced to begging. According to one of my interviewees, Mr. Errol Berkeley, Gairy was forced to sell some of his personal possessions in an effort to obtain money to maintain and gas his car. 'The frequency with which his car ran out of petrol made him become a laughing stock in Grenada'.
21. This view was propounded with so much force and consistency over time (even during the contemporary period) that policy-makers in these societies came to accept them, consciously or unconsciously, almost without question. For a development of this theme see

'Colonialism and the Myth of Resource Insufficiency in Jamaica' by L. Lyndsay in Vaughn Lewis, ed., Size, Self-Determination and International Relations: The Caribbean, (University of the West Indies, Mona, Jamaica, 1976).

See also C.Y. Thomas, 'Guyana: The Rise and Fall of 'Co-operative Socialism' in A. Payne and P. Sutton, (eds). Dependency Under Challenge: The Political Economy of The Commonwealth Caribbean, (Manchester University Press, Manchester, 1984).

22. By this time the pace of constitutional decolonization was rapidly increasing. Jamaica and Trinidad became independent states in 1962. Guyana and Barbados followed in 1966. Many other territories were at the stage of Associated Statehood, for example, Grenada in 1967. The responsibility for employment creation, economic growth, social services, etc. now devolved on the new leaders.
23. Around the same time a parallel debate was taking place in Latin America. The man at the forefront of this debate about industrialisation was Raúl Prebisch. See N. Girvan, 'The Development of Dependency Economics in the Caribbean and Latin America: Review and Comparison', (Social and Economic Studies, vol. 22, No 1, 1973).
24. W.A. Lewis, 'The Industrialisation of the British West Indies', (Caribbean Economic Review, vol 2., No.1, 1950) p53.
25. W.A. Lewis, 'The Industrialisation of the British West Indies', p 40.
26. See W.A. Lewis, 1950, *ibid*, especially pp 40-52 for a thorough discussion of the regional incentives.
27. W.A. Lewis, 1950, *ibid*, p 52.
28. The main rationale for industrialisation was over-population and mass unemployment. 'The islands already carry a larger population than agriculture can absorb, and population are growing at rates of 1.5 to 2.0 per cent per annum. It is, therefore, urgent to create new opportunities for employment off the land' (W.A. Lewis, 1950, *ibid*, p1).
29. W.A. Lewis, 1950, *ibid*, p 16.
30. W.A. Lewis, 1950, *ibid*, p 36.
31. W.A. Lewis, 'Economic Development with Unlimited Supplies of Labour' (1954), Reprinted in A.N. Agarwala and S.P. Singh, The Economics of Underdevelopment, (Oxford University Press. London, 1958).
32. W.A. Lewis, 'Economic Development with Unlimited Supplies of Labour', (1954), p 406.
33. W.A. Lewis, 1954, *ibid*., p 407.
34. W.A. Lewis, 1954, *ibid*., p 410.
35. W.A. Lewis, 1954, *ibid*, p 400.

36. In the case of Europe, for instance, the transition from feudalism to capitalism (and the dispossession of the peasantry which it brought in its wake e.g. the enclosure movement) was primarily responsible for this labour surplus.
37. Cited in W.R. Jacobs and I. Jacobs, 1980, op. cit., p 66.
38. Lewis prescribed an export-industrialisation strategy, with import-substituting industries playing a secondary role. But much of the industries established were of the latter kind. See R. Bernal et al., 'Caribbean Economic Thought: The Critical Tradition' (Social and Economic Studies, vol. 33, No. 2, June 1984), pp 28-29.
39. Cited in A. Payne, Change in the Commonwealth Caribbean, (Chatham House Papers, Royal Institute of International Affairs, Stephen Austin and Sons Ltd, Hertford, 1981), p4.
40. Cited in T. Ferguson, 'Potential for Increasing Agricultural Production in Grenada' in Institute of International Relations, Independence for Grenada: Myth or Reality?, p 95.
41. The figures on employment distribution in the various sectors are taken from W.R. Jacobs and I. Jacobs, 1980, op.cit., pp 45 - 46.
42. Land lying idle was facilitated in part by low tax rates for land. See F. Ambursley, 'Grenada: The New Jewel Revolution', p197, in F. Ambursley and R. Cohen, Crisis in the Caribbean (Heinemann, Kingston/Port of Spain/London, 1983).
43. It should also be noted that the large estate owners occupied the most fertile and arable land. As in the early post-emancipation period small farmers had to content themselves with land on the mountainous interior. These small, often fragmented holdings were not easily accessible to transportation. Marketing difficulties were real. Moreover, much time was lost from travelling between the farm and the farmer's residence.
44. W.R. Jacobs and I. Jacobs, 1980, op.cit., p 47. For example, the authors note that there were 51 estates in 1968. The number fell to 50 in 1972.
45. S. Chernick, The Commonwealth Caribbean: The Integration Experience, (John Hopkins University Press, Baltimore and London, 1978), p 124.
46. The low development of infrastructure for domestic agriculture (particularly lack of guaranteed market facilities) obliged many to contribute increasingly to export agriculture (F. Ambursley, 1983, op.cit., p 196).
47. W. Phillips, 'Market Prospects for Grenada's Major Export Crops', in Institute of International Relations, Independence For Grenada: Myth or Reality, p 117.
48. T. Ferguson, 'Potential For Increasing Agricultural Production in Grenada', op.cit., p 97.

49. T. Ferguson, 'Potential for Increasing Agricultural Production in Grenada', p100.
50. The same is true for non-export agriculture. For example, banana production fell from 1.02 million pounds (i.e. weight) in 1965 to 0.8 million pounds in 1971. See C. McIntosh and T. Osuji, 'Economic Aspects of Food Production in Grenada', in Institute of International Relations, 'Independence for Grenada: Myth or Reality?, for further details of decreasing and/or stagnant trends in other crops.
51. G. Sammy, 'Agro-industries - Prospects for Grenada', p120, in Institute of International Relations, Independence for Grenada: Myth or Reality?
52. See also Tables 2:10 and 2:11 for the direction of exports and imports. The general tendency is for the trade (both exports and imports) to be concentrated in the same countries. As far as imports are concerned, however, the trade between Grenada and Trinidad is significant. A large part of Grenada's fuel supply is from this source.
53. G. Brizan, Grenada: Island of Conflict, p299.
54. W. Phillips, 'Market Prospects for Grenada's Major Exports', p109.
55. W. Phillips, *ibid*, p111.
56. For example, Brizan estimates that the 53m pounds of nutmeg and 7m pounds of mace exported from the island between 1966 and 1979 produced a final value of \$ EC 1,022m. From this figure only a mere \$ EC 104m accrued to Grenadians involved in the industry. The rest went to the agents, brokers, millers, manufacturers, wholesalers and retailers overseas. Similarly, he puts the final value of cocoa at 10 times its raw, unprocessed state. (See G. Brizan, 1984, *op. cit.*, pp308-309).
57. W. Phillips, *op. cit.*, p114.
58. W. Phillips, *ibid.*, p106.
59. See W. Phillips, *ibid.*, especially p114, and G. Brizan, (1984), *op. cit.*, p306, for further discussion of the declining trend in the banana industry.
60. W. Phillips, *op. cit.*, p115.
61. This argument is developed fully in W. McClean, Money and Banking in the East Caribbean Currency Area, (Institute of Social and Economic Research, U.W.I., 1976). See also M. Odle, Multinational Banks and Underdevelopment, (Pergamon Press Inc., 1981), especially Chapter 3.
62. C. Bourne, The Political Economy of Indigenous Commercial Banking in Guyana (Institute of Social and Economic Research, U.W.I., 1973), p26.
63. N. Miller, 'Commercial Banking in Jamaica', Mimeo., (Institute of Social and Economic Research, U.W.I., undated), p64.

64. See 'Manifesto of the New Jewel Movement', pp148-149 in Institute of International Relations, Independence for Grenada: Myth or Reality?
 65. Most small producers in Grenada raise the bulk of their credit from informal lending agencies such as shop-keepers, friends, and relatives. These loans are usually made without the provision of formal securities. A personal friendship or an intimate knowledge of the borrower's community is usually all that is required. As Nisbet observes: 'Rural people trade frequently on their name which encourages a reputation for honesty, reliability, and seriousness toward financial obligations'
- C. Nisbet, 'The Relations Between Institutional and Informal Credit Markets in Rural Chile', (Land Economics, vol. 45, no.2, May 1969), p25. Note too that apart from requiring financing of a long-term or medium-term nature, the problem in this sector is compounded by other risks and uncertainties, viz., natural factors (drought, floods, hurricanes, etc.), uncertainty about the life of animals, and praedial larceny.
66. 'On the ground, the traveller realises that he is in a country which could have served as a model for some early nineteenth century Romantic poet's view of the Garden of Eden'. (H. O'Shaughnessy, Grenada: Revolution, Invasion and Aftermath, (Sphere Books Ltd., U.K., 1984) p29. See the rest of p29 for a vivid description of the beauty, and main features of the island.
 67. The inadequacies of Grenada's air facilities are discussed in depth in chapter 6 below.
 68. W.R. Jacobs and I. Jacobs, 1980, op. cit., p105.
 69. W.R. Jacobs and I. Jacobs, 1980, op. cit., p118.
 70. This issue constitutes an integral part of the discussion in chapter 6 below.
 71. For a detailed record of the performance of two of the larger Commonwealth Caribbean states during the period, see O. Jefferson, The Post-War Economic Development of Jamaica, (I.S.E.R., U.W.I., Jamaica, 1972) for the experience of Jamaica. See also N. Girvan, Foreign Capital and Economic Underdevelopment in Jamaica, (I.S.E.R., U.W.I., Jamaica, 1971). The experience of Trinidad has been documented by E. Carrington. See 'Trinidad's Post-war Economy, 1945-1950' in N. Girvan and O. Jefferson, Readings in the Political Economy of the Caribbean, (New World Group, Kingston, 1971). In the case of Jamaica Girvan notes that the money value of the country's GNP increased more than 500 per cent between 1950 and 1968 (Girvan, 1971, p217).
 72. From a value of EC \$60m in 1970 real GDP fell by over 100 per cent in 1977. See F. Ambursley, 1983, op. cit., Table 9:2, p95.
- The cumulative deficit on the balance of visible trade for 1960-1978 rose to the staggering figure of EC \$416m. (Calculated from the data in Table 2:7 above).
73. C.Y. Thomas et. al., Economic and Social Development of Grenada, (I.S.E.R., U.W.I., Jamaica, 1968), p51.

74. Based on The 1970 Population of the Commonwealth Caribbean. See Appendix J of W.R. Jacobs and I. Jacobs, 1980, op. cit., p157.
75. See T. Thorndike, Grenada, Politics, Economics, and Society, (Frances Printer Publishers, London, 1985), p48.
76. In 1978, for instance, the Essential Services Act (Amendment) and the Grenada Port Authority Act (Amendment) were passed, designed to suppress the militancy of workers and to curb their ability to use the strike weapon for material advance.
77. Epica Task Force, Grenada: The Peaceful Revolution, p49.
78. Epica Task Force, Grenada: The Peaceful Revolution, p44.
79. W.R. Jacobs and I. Jacobs, 1980, op. cit. p47.
80. Statement by Bernard Coard, delivered on 26th April, 1979 at a Conference hosted by the Caribbean Development Bank, pp133-134.
81. Bernard Coard, *ibid.*, p134.
82. Epica Task Force, 1982, op. cit., p86
83. Epica Task Force, 1982, *ibid.*, p82
84. Epica Task Force, *ibid.*, p44.

The growing confrontation which Gairy encountered from the intelligentsia during the 1970's is a clear testimony to this assertion.

85. F. Ambursley, 1983, op. cit., p200.
86. B. Coard, Statement delivered on 26th April, 1979 at CDB Conference, p134.
87. W.R. Jacobs and I. Jacobs, op. cit., p105.

Many of these bizarre practices documented by Jacobs and Jacobs were substantiated by my interviews with Grenadians in the business sector (interviews conducted in June 1987).

88. T. Thorndike, 1985, op. cit., p35.
89. These data were obtained from the Central Statistical Office, St. George's, Grenada.
90. World Bank, 'Economic Memorandum on Grenada - Vol. 1' (January 1984), p8.
91. Radio Address from the Premier of Grenada, May 23, 1970, Cited in Epica Task Force, op. cit., p45.
92. For example, The Emergency Powers Act of May 21, 1970. This made it legitimate for the police to search a home without a warrant, curtailed the movement of people, and undermine the right to convene public meetings.

93. Their heads were shaved with broken bottles, after which they were thrown behind bars without bail and medical attention. Some of them, particularly Bishop, never completely recovered from the injuries sustained. See Epica Task Force, op. cit., p46 for further information on 'Bloody Sunday'.
94. The Commission recommended, among other things, the disbanding of the police aides, a reorganisation of the police force (including the superintendent Innocent Belmar who should not be allowed to hold any public office whatsoever), the termination of the duties of certain magistrates who were deemed to be incompetent and unfair in their duties. (See G. Brizan, 1984, op. cit., p344, for other recommendations).
95. This Alliance was comprised of the NJM, the GNP and the United People's Party (UPP), which had defected from the GNP. If this election was contested fairly it is highly probable that the Alliance would have emerged victorious. But as was characteristic of Gairyism the election was characterised by all type of frauds, such as 'multiple-voting', removing the names of known anti-GULP supporters from off the voter's lists, and denying the opposition access to the media, and other electoral machinations.
96. Since the achievement of complete constitutional independence, Gairy has raised the subject of Unidentified Flying Objects in international forums on more than one occasion. In his address to the Thirty-Second Session of the General Assembly of the UN in October 1977, he argued in earnest:

'Man must reckon with himself to recognise that on this planet we are simply the guests of a benefactor --- The Universal Divine --- God, the Great Supreme Architect. ... All Ceremonies ... should commence with the acknowledgement of God and the Invocation of His Blessings on the event'.
(Cited in W.R. Jacobs and I. Jacobs, op. cit., p107).

He also urged delegates at these forums to support his motion for the granting of resources to carry out research into these cosmic phenomena.

97. This account of the seizure of power is based on the semi-official account provided by W.R. Jacobs and I. Jacobs, Grenada: The Route to Revolution. (See pp124-127, especially).

Chapter Three

CONFRONTING DEPENDENCY AND UNDERDEVELOPMENT: THE POST-1960

DEBATE IN THE COMMONWEALTH CARIBBEAN

Introduction

The strategy of development which the People's Revolutionary Government formulated, and sought to implement was a product of several theoretical and intellectual currents - some intra-regional and some extra-regional. With respect to the former, the ideas propagated by scholars associated with the New World Group¹ were particularly influential, especially the contributions of the radical wing - viz. Beckford (1972)², Rodney (1972, 1975)³, and Thomas (1974)⁴. Other members of the Group included the economists Lloyd Best, Norman Girvan, Owen Jefferson, Havelock Brewster and Alister McIntyre.⁵

The real strength of these publications lies in the insights they yield into the causes of the region's problems. They are less clear about strategies for overcoming them. Although some of them favour radical solutions such as disengagement from the international capitalist system⁶ they fail to investigate the problems and issues which are necessarily entailed in the transformation process. The criticism levelled by Phillips (1977)⁷ at the Dependency School as a whole captures this fundamental shortcoming:

'Socialism has become then, something which is 'chosen' for its superiority over capitalism, rather than an outcome dictated by the balance of class forces and the dynamic of class struggle. The arguments centre on why it is necessary, not on whether it is immediately possible. And consequently detailed analyses of the nature and focus of existing class struggles are few and far between, while analysis of the relationships between national and international capital are in abundant supply'.⁸

Indeed even members from the now defunct New World Group admit the political and analytical bankruptcy of their conceptual apparatus. Two examples will suffice. Courtney Blackman affirmed 'to this day I believe that "dependency theory" provides a useful descriptive analysis of under-development in former colonies. Unfortunately, having developed a useful theory of under-development, the scholarship of the New World economists fell apart. As some of them now admit, they omitted the next logical step - the development of an operational model of economic development. The stress is on 'operational'. By operational, I mean 'likely to succeed in real world conditions'.⁹

Owen Jefferson, another prominent member of the Group, reminiscing on the setbacks which the Jamaican government encountered in its attempt to implement some of their recommendations, stated 'What we need now is a theory on how to break dependence - without breaking your neck in the process'.¹⁰

This substantive weakness led several radical study groups and proto-parties in the region, including the New Jewel Movement, to adopt the 'theory of non-capitalist development' or 'socialist-orientation'. Essentially, this theory can be regarded as a successor political strategy for operationalizing many of the policy recommendations and implications of the New World scholars. The basic tenets of this theory and the issues it raises in the specific context of Grenada are discussed in the ensuing chapter.

Emergence of New World Thought (Socio-economic Context)

The trenchant attack levelled by New World scholars on metropolitan economic orthodoxy and the corresponding search for an indigenous brand of economics did not suddenly come into being out of thin air. Indeed, there were certain objective conditions in the social and economic realities of Caribbean economies which galvanized New World scholars into action. As the leading pioneer of what was to become a new paradigm (plantation theory) put it:

'Choose any point of vantage. Most everywhere there is disorder: fragmentation, segmentation and disarray. What is more, it is mounting disorder: growing populations, lagging incomes, increasing unemployment, widening disequality, lengthening dependence and rising discontent'.¹¹

Throughout the 1960s this scenario became increasingly exacerbated by the economic policies which were associated with the (by now) discredited Lewisian paradigm. Best and his colleagues realized that the technology,

organizational skills, and market connections which were expected to result from metropolitan capital did not materialise. No significant dent was made into the intractable unemployment problem. The growth process was not internalized and dependency became even more firmly entrenched. It was clear to them that the first generation of West Indian leaders had failed to solve the basic problems which plagued their societies on the eve of independence. In commenting on the gap between economic and social independence on the one hand, and political independence on the other, McIntyre remarked:

'One of the more striking features of West Indian development is that the progress made towards political independence has not been accompanied by parallel advances in the economic field. Over the decade ending in 1961, territories such as Jamaica, Trinidad, and Barbados have achieved very impressive rates of economic growth. The West Indian territories are, nevertheless, still regarded as outstanding examples of dependent economies. They are heavily dependent on the rest of the world for markets for their production, they import the wide variety of goods which they require, and they rely on other countries for transfers of both income and capital, for banking and financial services, for business and technical skills, and even for ideas about themselves. ¹²

Interestingly, this observation was shared by analysts throughout other parts of the 'Third World'. Thus around the same time Jalee lamented:

'In a period of rapid decolonization the international division of labour which is the be-all and end-all of imperialism, far from being modified, has grown sharper, for some, the task of producing raw materials and basic products for export in a raw or semi-raw state and the sub-human living standards that go with it, for others, the factories, industrial expansion, and the concomitant high standards of living'.¹³

Indeed the general crisis throughout the underdeveloped world led scholars and even policy-makers (in some cases) to become increasingly sceptical of development strategies based on orthodox economic principles. Like the crisis in their economies established development thinking was going through its own crisis. In Latin America a devastating onslaught was launched on the old modernization paradigm. Meanwhile, in the Caribbean, New World scholars were of one accord with the view that 'fresh tools and fresh approaches, appropriate to the environment, had to be devised, and that it was moreover necessary to borrow heavily from the disciplines of history, sociology, and political science in order to gain insights into the nature of the Caribbean economic condition'.¹⁴

In undertaking this task the West Indian intellectuals were particularly impressed and inspired by the example set by the Latin American structuralists in developing Independent Thought to grapple with their development problems. Thus Best wrote of the structuralist approach:

'The simple rule is to face the reality of what is of the particular situation.... Facing their own situation, the structuralists advocate, first, a typology of structure, a demarcation of the field into its constituent matrices of social relations. Secondly, they seek to make an exact observation of the institutions, mechanisms and patterns of behaviour that make the matrix a functioning whole. And then, and only then, the inferences are to be drawn about what prohibits and what promotes development and change'.¹⁵

Further stimulus came from the work of Dudley Seers. His two well-known articles, 'The Limitations of the Special Case' (1963)¹⁶ and 'The Mechanism of an Open Petroleum Economy' (1964)¹⁷ were particularly influential. In the former Seers argues cogently about the inadequacies of orthodox economic theory, especially when viewed in the context of unindustrialized and underdeveloped economies. This type of theory was based exclusively on the experience of a handful of countries whose experience was by no means representative of the world at large. In Seer's own words:

'There have been only a few such economies for a few decades, even now they cover only quite a small fraction of mankind'.¹⁸

To avoid coming to the wrong policy conclusion it was therefore imperative that countries in regions such as the Caribbean should develop their own models of development. As an example of the type of analysis which was

required he formulated his model of 'the Mechanism of an Open Petroleum Economy'.

Although the model was based largely on the Venezuelan experience (up to 1958) the method of analysis was generally applicable to other countries which were heavily dependent on primary exports, particularly minerals. In typical model-building fashion Seers began by highlighting the salient characteristics of this type of economy.¹⁹ On this basis he proceeded to investigate the cause of one of the most visible and persistent problems in such economies. The model yielded the intriguing result that employment generation in export-propelled economies was critically dependent on 'the difference between the trends in exports and wage rates'.²⁰

As one would expect the model attracted much attention and criticisms. For instance, Brewster (1968)²¹ provided empirical evidence to suggest that the model did not hold for the petroleum-exporting economy of Trinidad and Tobago. Bruce (1972)²² went on to demonstrate that Seer's results can be obtained from conventional analysis. But these criticisms, despite whatever validity they may have, do not in any way denigrate the importance of Seer's model. His modest aim was to point out the need for devising models specifically tailored for the particular genre of economy. The emphasis is on the methodology, not on whether one can 'bend' conventional wisdom to produce the same result.

Armed with these theoretical insights the New School launched an intellectual project which sought to understand the Caribbean in terms of its own personality. In this regard their nationalism sadly reached preposterous proportions to the extent that they were impelled to retreat from, or become suspicious of, all metropolitan intellectual currents - be they bourgeois

scholarship or Marxism. To them, these were all Eurocentric ideas which were meant to explain developments and address problems in a different socio-historical environment. As a testimony of this conviction they made reference to the defunct 'industrialization by invitation' model which was extensively predicated on classical postulates, particularly Ricardian economics.

Caribbean economies, they insisted, have structures which are quint-essentially distinct. Analysis and policy in the region therefore warrant an appropriate theoretical apparatus which captures or incorporates the central structural characteristics and functioning of these economies. In describing the task which this school assigned to themselves, Mandle noted:

'The effort to construct a model of plantation-dominated societies, because it involves "non-economic" as well as "economic" factors, represents a project which in many respects, is comparable to the agenda which Marx and Marxist theorists set for themselves. Plantation theory attempts to capture the salient aspects of Caribbean society in historical perspective and on that basis identify the trajectory and pace of change in the region'.²³

There may well be some merit in this observation but care should be taken not to push this facile and superficial resemblance too far. For Marx, the 'economic' and 'non-economic' factors (which are common to both analyses) were inextricably linked. Similarly, whereas both drew extensively from history in their attempt to comprehend the dynamic of extant reality, they

held an interpretation which is diametrically opposed to each other. Thus Marx regarded history as a 'law-governed process' whilst plantation 'theorists' treated it as a catalogue of stylized 'facts' and events which occurred in different places over a period of time. The underlying economic, social, and political forces or processes which gave rise to these facts and events remained a mystery. As is argued below, it was this failure to hinge their analysis on the basic concept of class and view history as a synthesised process which led to the limited impact of their analysis on official policies in the Caribbean.

According to them, the salient features of Caribbean economies is plantation agriculture with its attendant institutions designed to service the requirements of this pattern of agricultural organization. They attributed the principal obstacles to the region's development to the type of relationships and institutional arrangements which are characteristic of this type of economy. The leading protagonists of these views were Lloyd Best and the Canadian economist, Kari Levitt.

The Best-Levitt Model of Plantation Economy

Central to their model is the contention that there has been no substantive and fundamental changes in the structural composition and functioning of Caribbean economies since their incorporation into the world economy.

To illustrate this argument, Best and Levitt developed an analytical schema in which they distinguished between three stages in the evolution of Caribbean plantation economy, viz, (a) Pure Plantation Economy (i.e. 1600-1838), (b) Plantation Economy Modified (1838-1938) and (c) Plantation

Economy Further Modified (1938 onwards). This economy was developed as a hinterland of exploitation as opposed to the hinterland of settlement²⁴ which was established on the American mainland.

It is the 'pure plantation' phase which represents the critical and decisive period. During this foundation era, the economy takes on characteristic modes and patterns of behaviour. It is here they locate the basis of under-development. Writing about this period, Best noted:

'The legacy of institutions, structures, and behaviour patterns of the plantation system are so deeply entrenched that adjustment tends to take place as an adaptation within the bounds of the established framework. By and large the economies do not experience any considerable or sustained relief from their dependence on the traditional export staple'.²⁵

This phase was characterised by the establishment of slave-based plantations for the production of export staples. Dependence on outside forces was instituted from the very outset. This was not confined to markets. Apart from land all the requirements of the plantation economy were imported. The Caribbean was relegated to the mere locus of production, albeit production of a kind which did not compete with the metropole.

They observed that the export-import orientation of the economy, other types of non-market dependence, for example, foreign managerial skills and capital, lack of interdependence between the production units and specialization in a limited range of unprocessed and/or semi-processed

products, was replicated in phase two. The economy remained enmeshed into the imperial division of labour and continued to play a complementary and subordinate role to their metropole.

The period was characterised by two principal modifications: (a) the formal abolition of slavery and (b) the removal of the Imperial preference for sugar. These developments gave rise to other adjustments most notably the emergence of a local peasantry, a new wave of indentured servitude based mainly on East Indian labour in the plantation sector.

The emancipation dispensation to the slaves was more symbolic than real - 'a condition of mind rather than a fact of life'.²⁶ Best and Levitt went on to demonstrate how the status quo of plantation society and economy was preserved. The ex-slaves did not have any other skill or training apart from tilling the soil. Yet there was no revolution or even reform of the ownership of resources, particularly land. Neither was there any provision for equipping them to perform 'non-plantation-type' tasks.

In this phase, not only were they in conflict with the plantation sector for land but they also competed for other resources, especially agricultural equipment, credit, marketing facilities, and domestic infrastructure. But in this process their efforts were consistently thwarted by reactionary government policies which sought to preserve the plantation sector at all costs despite its growth-inhibiting nature.²⁷ Consequently, the essentials of the pattern of development characteristic of Pure Plantation Economy continued unabated and genuine economic transformation remained an illusion.

The period since 1938 witnessed other modifications in the plantation economy but these were merely in form rather than content. One of the most

outstanding modifications was the introduction of other types of activities in the economy. This degree of diversification in the hinterland was generated by an unprecedented dependence on foreign capital, technology, and managerial skills. The multinational corporations, particularly American corporations after World War II, were the principal agencies of this metropolitan investment. Apart from the traditional plantation sector this capital penetrated mining, light assembly-type manufactures, banking and tourism, thus creating the well-known 'denationalization of the commanding heights of the economy'.

During this period the economy became even more firmly incorporated into the orbit of world capitalist development. Many of the old mercantilist features characteristic of the Pure Plantation phase are, again, reproduced. These include the extreme openness of the economy, excessive dependence on the metropole(s), disarticulation of the national economy, sharp class divisions and the diversification of exploitation of both labourers and small cultivators. For all practical purposes this may be termed the era of the 'new mercantilism'. Thus Levitt penned:

'In the new mercantilism, as in the old, the corporation based in the metropole directly exercises the entrepreneurial function and collects a "venture profit" from its investment. It organises the collection or extraction of the raw material staple required in the metropolis and supplies the hinterland with manufactured goods, whether produced at home or "on site" in the host country'.²⁸

In this critical sense the multinational corporations are no different from the joint-stock trading companies of the Pure Plantation era. Both serve just as effectively in plundering resources from the region, thereby deepening the process of underdevelopment and limiting the possibilities of transformation.

Using this critical historical/institutional/structural method Best and Levitt were able to shed much light on the incompleteness of change in Caribbean plantation economy. They located the region's underdevelopment and excessive dependence squarely and firmly to the nature of the plantation system and, in more recent times, to the domination of the region by multinational corporations. They concluded that at best multinational corporations could produce economic growth, not genuine economic transformation.

All this is a far cry from the traditional explanations associated with modernization theories which explain underdevelopment in terms of 'natural' factors, i.e. factors relating to the inherent characteristics of these societies (as reflected in their geographic size, the nature of their social, economic, political and cultural traditions and institutions).²⁹

In the context of the Caribbean, the contribution of Lewis and Demas can be subsumed under this school of thought. We have already seen this in the case of Lewis with his emphasis on capital scarcity, lack of a dynamic and well-motivated entrepreneurial class, limited market size and demographic problems. This pessimistic and somewhat 'deterministic' view of 'small' Caribbean-type states is even more pronounced in the work of Demas (1965).

Here Demas advanced the thesis that:

'the question of size is very relevant to the character of, if not to the possibility of

achieving structural transformation' [and that]
 'fully self-sustaining growth is possible only
 in a very large - in terms of both area and
 population - continental type economy',³⁰

That Demas should make such a gloomy prognosis on the fate of 'small' economies is not at all surprising since, methodologically, his study was predicated on orthodox economic principles. The bulk of the disadvantages associated with smallness is hinged on the notion of economies of scale and profitability. Both are closely inter-related. The argument about economies of scale runs along the following lines: the existence of a small domestic market limits the range and volume of output that can be produced for domestic consumption. Therefore, unless an export market is developed then small countries are obliged to operate at less than their productive capacity - with inordinately high unit costs. Trade dependence and many other forms of dependence are thus explained in terms of size.³¹ The role of colonialism in shaping and cultivating this type of structure is often ignored or downplayed. Demas spells out the methodological premises of his analysis in the following words:

'I should like to make it clear that in discussing underdevelopment and self-sustained growth I shall not be dealing very extensively with the more fundamental social, political, and institutional parameters underlying the process of growth and structural change. I take this approach because I am not competent to do otherwise.]
 I do, however, think there is merit in

looking separately at the mechanics and configuration of economic development as reflected in the behaviour of economic variables'.³²

But how can one study such a complex phenomenon as underdevelopment without giving analytical primacy to the 'more fundamental social, political, and institutional parameters' which Demas alluded to, but failed to analyse? The inevitable outcome of a methodology which concentrates on the 'pure economics' of size is an analysis which abounds with truisms, trivia, and stylized generalizations which are devoid of historical rigour and insights.³³

Best recognised this only too well, thanks to his more broad-gauged method of analysis. In criticising Demas' thesis he made a distinction between 'natural variables' (for example, population size, resource endowment and other 'god-given' factors) and 'societal variables' (i.e. variables which can be manipulated by policy).³⁴

Taking the historical experience of these societies as his chief point of reference Best contended that what is decisive was not so much the natural variables but 'the instruments that control [them]'.³⁵

The Contributions of Beckford and Girvan

The model pioneered by Best and Levitt received further elaboration from George Beckford and Norman Girvan, especially the former.

In the preface to his celebrated work Persistent Poverty: Underdevelopment in Plantation Economies of the Third World, Beckford made it clear that:

"This is an 'ideas' book. What we need most are studies pregnant with ideas, not studies full of sterile detail".³⁶

No pretence is made of scientific objectivity. He stressed, further, that the work is meant for a 'Third World readership'.³⁷ Note not for a world-wide readership regardless of colour, nationality, or status. This epitomises the strong sentiments of nationalism which pervaded the Plantation School of Thought in the Caribbean.³⁸

In at least two important respects Beckford has helped to sharpen and enrich this body of theory. Firstly, he has a broader and more comprehensive definition of the plantation system than Best and Levitt.³⁹ Secondly, he offers a more detailed treatment of the manifold 'underdevelopment biases' which he deemed to be characteristic of plantation agriculture, and appears to be more sensitive to the social and political requirements for change in plantation economies.

Beckford writes:

'Plantation Economy refers to those countries of the world where the internal and external dimensions of the plantation system dominate the country's economic, social and political structure and its relations with the rest of the world'.⁴⁰

Besides, a plantation economy can be identified by considerations such as:

'plantation share of national economic aggregates, i.e. total output, capital, land area - in cultivation, income and employment, plantation contribution to government revenues and the country's foreign exchange earnings, evidence of effects of the plantation on social and political structure and organization effect on minds and outlook of the local population'.⁴¹

So all-pervading was the influence of the plantation that it conditioned, and still does, the behaviour of even the non-plantation type units within the system.

The central thesis advanced is that: 'the net development impact of plantations was large enough to bring about a transformation from a condition of undevelopment to one of underdevelopment'.⁴²

This is because:

'The emergence of the vertically integrated corporate plantation enterprise has really served to preserve the character of the slave plantation system. The three characteristics of that earlier institutional environment - appendage in overseas economy, total economic institution, and incalculability - have been preserved and strengthened in the period since Emancipation'.⁴³

This state of affairs led him to conclude that underdevelopment in

plantation economies exists and persists as a result of the institutional environment, particularly the nature of economic, social, and political organizations prevailing in these societies. In his inimitable style he details:

'The nature of social and political arrangements create several biases toward a continuous state of underdevelopment. Inherent social instability impedes investment, the rigid pattern of social stratification restricts mobility, the concentration of social, economic and political power prevents the emergence of a highly motivated population, and racial discrimination inhibits the fullest use of the society's human resources'.⁴⁴

Yet the catalogue of indictment does not end here for the 'underdevelopment biases' resulting from sociological factors are even more pernicious. For the plantation regime

'destroys or discourages the institution of the family and so undermines the entire social fabric. It engenders an ethos of dependence and patronage and so deprives people of dignity, security, and self-respect. And it impedes the material, social, and spiritual advance of the majority of people. In the circumstances we could hardly expect to find a highly motivated population displaying the kinds of characteristics that development demands. The energies of most people are spent in trying to beat the system in one way or another'.⁴⁵

Interestingly, Beckford attributes the limited development which some of these plantation economies experienced in the post-emancipation era (particularly in the Caribbean) to the growth and dynamism of the peasant sector. According to him this sector contains the real dynamic for generating development in plantation societies. This, indeed, was a major theoretical innovation.⁴⁶ His case for unleashing the creative energies of the peasants, as it were, is based essentially on the market-orientation of both groups of producers.⁴⁷ The peasant sector is believed to gear their production primarily towards the domestic market. Consequently the 'multiplier effect' of increased production is realised internally, thereby stimulating the local economy. The plantation sector, on the other hand, contributes directly to growth and development elsewhere, given their overwhelming export-orientation. This yields the conclusion that the development of the peasantry and (by extension) the development of the region is constrained, frustrated, and undermined by the plantation sector by virtue of their domination of land and other resources in the plantation economy.

For his part, Girvan broadened the analysis by conducting an extensive research on the operation and behaviour of the multinational vertically-integrated corporations which dominate the 'non-plantation sectors', particularly the mineral enclave industries. It is indeed significant that he found a wealth of empirical evidence to substantiate the conclusion of Best et al.

The fundamental conflicts between the imperatives of corporate expansion and those of national economic development are well-documented in his various contributions.⁴⁸

'In every case investigated, the specific

manifestations.... have been, (i) few purchases of local agricultural and manufactured goods are made by the industry, (ii) the capital/labour ratio used in the industry is high relative to the rest of the national economy, and as a result, labour productivity and wage rates are relatively high, but the total labour force and the total wage bill are low relative to the national labour force and the national wage bill respectively, (iii) profits and depreciation form a high proportion of the value of the industry's output (also as a result of the high capital/labour ratio), but this surplus is either repatriated to the foreign owners or re-invested within the mineral-export industry itself: it is not invested in other national industries where it can contribute to diversified economic growth, finally (iv) as a result of (i) to (iii) above, the value of the industry's output "returned" to the national economy (principally local purchases, wages, and taxes) is well below the total value of its "sales".⁴⁹

Given these practices, Girvan warned that the most the host economy can expect from these corporations is growth in mere economic aggregates, not growth with development. This growth can, indeed, be impressive in some cases as witnessed by Jamaica's post-war experience. But such growth went

hand in hand with a growing dependence on foreign capital, markets, supply sources, and decision-making.⁵⁰

Girvan explains this situation of 'growth without development' in terms of the organic and institutional relationships between the subsidiaries and their parent companies. This close integration between the 'child' and the 'parent' apparently rules out integration with the national economy.

Not only do the subsidiaries utilise foreign inputs and transportation services (from its own sources, of course) but by and large processing activities are confined to their home countries. The host country is relegated to providing the mere materials (as it has always been). In some cases these are further converted into another stage before export.⁵¹

Although hard data are not readily available on the outflow of wealth from these mineral exporting countries Girvan argues this can only be 'considerable', especially when we take into consideration the respective ratios of the value of alumina, aluminium, and semi-fabricated aluminium to raw bauxite. He puts these at 4, 15, and 33, respectively, indicating the huge increase in the value added as the stage becomes more advanced.⁵²

Needless to say, this type of processing arrangement suits the needs of the corporate economies. Girvan also sheds light on the factors governing the reinvestment of the surplus generated by the industry.

'(it) is allocated in a manner consistent with the firm's strategy, between different raw material subsidiaries, different refiners, fabricators, sales and other departmental units,

different end-products, and dividends, debt reduction and additions to working capital'.⁵³

Any attempt, he emphasises, to procure a larger share of the industry's proceeds must come from the efforts of the workers employed in this sector - and the national government - the two principal beneficiaries in the host economy. However, in the context of a labour surplus economy and repressive government policies, workers' demands are not likely to be met. On the other hand the serious lack of vital information about the company (e.g. price of the commodity traded, cost structure of the industry, revenues and hence its rate of profit) severely hampers government ability to tax the corporations. Radical government intervention will incur the vengeance of the companies - as they either shift production elsewhere or drastically restrict their output, occasioning a crisis in the economy in the process.⁵⁴

Havelock Brewster put the icing on the case by using orthodox quantitative techniques⁵⁵ to demonstrate unambiguously the essential postulates of the plantation paradigm. The fragmentation between the different production units within the 'national' economy and, its corollary, close integration with foreign economies shatters whatever credibility conventional economic analysis may have had:

'In orthodox economics it is argued that by repressing wage increases rises in unit cost price are kept down, export demand expands and with this employment. In the dependent system, however, all these relationships break down. Wage rises have little impact on cost-price changes, which in turn have

no importance for changing the level of export demand which itself does little to alter the level of employment. Prices cannot be kept down by operating on wages. Suppressing wage rises does not lead to increased exports'.⁵⁶

Such findings give rise to his remarkable definition of dependence - a quantitative definition based on the modus operandi of the domestic economy.

'Economic dependence may be defined as a lack of capacity to manipulate the operative elements of an economic system. Such a situation is characterised by an absence of inter-dependence between the economic function of a system. This lack of inter-dependence implies that the system has no internal dynamic which could enable it to function as an independent, autonomous entity'.⁵⁷

The peculiarity of Caribbean economies thus make 'development' institutions such as Central Banks, Planning Units, Tourist Boards, Marketing Boards, Industrial Development Corporations, State Trading Agencies, and the like, empty symbols - symbols borrowed wholesale from the metropole. In Brewster's own words, 'It is not much of an exaggeration to say that if these were all closed down it would have little or no real effect upon what actually takes place'.⁵⁸

Given this mounting empirical and analytical evidence on the forces which

are instrumental in locking Caribbean economies into the underdevelopment trap (and the way they function) the question of alternatives to dependency naturally arises. We now turn to the options offered by these analysts, and to an assessment of their contribution.

Recommendations for Change

These scholars were clearly radical in their conviction. But this does not mean that they were favourably disposed towards socialist solutions to the malaise in Caribbean societies. What was contested was the effects of colonialism, imperialism and other forms of foreign domination on the region - not capitalism per se. To expose some of the tensions within the New World Group, however, it may be useful to compartmentalise them into two groups, viz, (1) the 'moderates' and (2) the 'radicals'.

The first category embraces the position of the overwhelming majority. For illustrative purposes we will refer to the programme proposed by Lloyd Best and George Beckford. Best's Tapia House Manifesto exemplifies the position of the moderate wing. On the other hand, Beckford's call for a 'virtual revolution' is indicative of the radical wing.

For Beckford:

'The process of transformation to a development path that would ensure benefits to everyone in plantation society must involve radical change in the institutional structure - particularly

the economic, social and political arrangements'.⁵⁹

In another passage he echoed:

'It seems clear that a virtual revolution is required in order to bring about significant improvements in the welfare of all Third World peoples'.⁶⁰

The reader searches in vain through the 300-odd pages of his polemic for concrete statements of the type of revolution which is required and how this revolution will be carried out. However, what the reader is certain of is that it is not an explicitly socialist revolution of the Cuban-type or, worse still, the Soviet model. For the Cuban administration are guilty of (introduc ing):

'economic policies which are likely to contribute to persistent underdevelopment and the adoption of an alien ideology⁶¹ which might not be adequate to heal the social fractures of plantation society'.

Moreover an integration into the Soviet economy is no less exploitative and growth-inhibiting than integration into western metropolises.⁶²

But despite his damning indictment of the path chosen by Cuba, he could not help admiring the impressive social and economic advances which were made almost overnight in the new Cuba. And this was despite the ravages which were inflicted on this country after many years of Spanish colonialism and American imperialism. Drawing largely from evidence compiled by Dudley

Seers et al (1964)⁶³ he noted, (1) the significant reduction in rural unemployment, (2) amelioration of race and class relations, (3) the expansion and development of the education infrastructure (especially in relation to the specific needs of the society), (4) substantial advances in the health sector, and (5) the increased motivation of the populace as a whole towards the goal of national development.⁶⁴

Paradoxically, these are some of the very changes he would like to see brought about in backward, underdeveloped plantation societies. Yet socialism is suspected as a vehicle for initiating them, even when it has proved that it can deliver the goods.

As an experienced economist, he and his colleagues were not short of policy suggestions - brilliant suggestions as we will soon see. One does not have to be a Marxist to appreciate the simple but crucial point that those who rule may not necessarily approve, let alone implement an economic strategy - despite whatever good intention it may have. Put another way, it may be in the 'national interest' to implement the policies but not in the interest of the economically and politically dominant class (or classes for that matter).

Beckford's programme of economic nationalism called for a significant closure of the economy (especially to foreign capital) and promotion of regional integration.⁶⁵ The basic objective of these two critical moves is to minimise dependency in all its diverse forms. They flow quite logically from the aforementioned analysis of dependence and underdevelopment in economies of this genre.

Regional integration, for instance, widens the domestic market and thus

overcomes many of the physical limitations of smallness. It has the potential of making for a more rational and optimal utilization of Caribbean resources. Not only can economies of scale be achieved but further gains can be had as a result of particular countries specialising in the production of these goods for which they are most efficient in (thus putting to an end the irrationalities which normally result from fierce competition between similarly-placed countries). Indeed if properly implemented, the range of benefits can be phenomenal - including greater volumes of output (especially agricultural output), a reduction of dependence on foreign inputs, capital, technology, skills and even values (especially with respect to taste patterns), more job opportunities, and a more balanced and well-articulated production structure. In brief regional integration is a genuine sine qua non for economic development.

It is obvious from the above that for the New World Group regional co-operation was not just about an integration of trade as was previously the case with CARIFTA.⁶⁶ A vital part of the process hinged on the integration of the production structures in the region. That is to say, each industry that is established should seek to utilise inputs which originate from within the region, as much as possible before entrepreneurs (even) think in terms of imported inputs.⁶⁷ In fact some New World scholars even recommended an 'extended' integration to include the entire Third World.⁶⁸

As complementary policies Beckford mentioned a whole panoply of social, economic, political, cultural and institutional changes. These include land reforms or rather 'rural development' measures (creation of institutions for providing credit, technical skills, agricultural inputs, and general agriculture-related infrastructure), income redistribution, nationalization, import controls, technological changes, research into production methods,

and even education for 'changing' the value-systems of people so that they can identify with their particular society rather than with the rest of the world (particularly metropolitan countries).⁶⁹

Although he was sensitive to some of the likely resistance his programme would encounter he displayed an unbelievable naivety on such matters. Beckford notes 'the plantation system generates its own self-preservation by effectively containing internal threats to its destruction'.⁷⁰ But how such threats are contained in contemporary West Indian societies, why these conflicts came about and the role of both internal and external agents in containing them remain insufficiently articulated in his text.

The tendency towards revolutionary nationalism again comes to the fore when he identified the workers and peasants as agents to direct the process of change. It is interesting to note that this position was not arrived at from a careful analysis of class conflicts and alignments under revolutionary conditions. Rather, it stemmed from his belief that:

'among the people of plantation society the most colonized minds are to be found within the higher ranks of the social order ... the least colonized minds are to be found among the lowest ranks of the social order'.⁷¹

This is one of the pathological habits bred and generated by colonialism and as such these minds have to be first decolonized and transformed (by ideas) before genuine change can result. To quote him further:

'the pre-condition of all pre-conditions for

change and transformation is a restructuring of the minds of the people to accommodate the change'.⁷²

The idealism and naivety displayed by Beckford is even more pronounced in Best's programme. He more than anyone else in the New World Group has popularised the notion that 'thought is action'.⁷³ To caricaturise him a bit, all that was necessary to bring about the desired change was to disseminate his noble and well-intentioned ideas throughout Caribbean society.

Best proposed a strategy of 'localization' (not necessarily nationalization) to correct the ills of the Trinidadian and Tobagonian economy. The strategy was meant to have wider applicability, especially to the other parts of the region. The basic object of localization was to reverse the central defects of the Lewis model of 'Industrialization by Invitation'. With the possible exception of Jamaica, these were even more marked in his homeland. And this was despite (or because of) the vigour with which the Peoples National Movement (PNM) government headed by Dr Eric Williams, pursued the path. In 1963 alone some 99 per cent of total private investment was based on foreign capital. Benefits to the economy were not only marginal⁷⁴ (as was reflected in continuing high unemployment, foreign-exchange bottlenecks and the like), but, even more dangerous for the subsequent development of the economy, the economy was becoming increasingly denationalized. The irony of the situation is that this denationalization was heavily fuelled by internally generated capital. For instance, between 1964 and 1968, 71 per cent of total reinvestment was financed from profits made in the domestic economy.

These were some of the contradictions which Best's programme was geared towards. As he was to put it, the multinational corporations which dominate the commanding heights of the economy:

'must not merely be formally separate from their international affiliates as some of them are now, they must be actually so. We are invoking anti-trust legislation against them on our definition of what constitutes a combination harmful to the public interest. Shares must be traded on the local market in denominations and forms which provide access to every man in the street of Brasso Caparo or Port of Spain'.⁷⁵

Stated alternatively, Best anticipated that his strategy would eventually create a genuine national economy. A thriving group of skilled (local) business community with tremendous entrepreneurial dynamism was also expected to come in its wake. Although outright force or nationalization⁷⁶ was not considered to be a wise move, he was prepared to resort to such measures if need be. So vital was the task of gaining control over the economy. To hasten the development of the national bourgeoisie, Best recommended a whole range of incentives.⁷⁷ What he was doing, in effect, was to turn Lewis on his head. It is the local capitalist class who should be wooed and courted, not the foreign, alien capitalists.

Another cornerstone of the Tapia House programme was the socialization of the strategic sectors of the economy. His vision of the new, happy Caribbean was one which integrates 'elements of "peoples" capitalism with socialization of major industries, and a radical break with the reliance on

private inputs from abroad'.⁷⁸ At the same time the different national units should be united as one big, happy family.⁷⁹

What is the appropriate social system for this unity which Best envisaged? The specificities are not spelt out. However, we are certain it is not 'socialism' or 'communism' since Best affirmed:

'There is no "bourgeoisie" here because we have had no "bourgs". Nor have we had feudalism or any dynamic class of national capitalists. There need not be any "socialists" or "communists". What is the meaning of "middle class"? In almost every family we can find represented the full spectrum from professional through artisan to labourer. Tapia rejects all of these imported categories and we seek to understand what is going on here in terms of Caribbean definition. When we do that, we see all kinds of very rich possibilities for national integration and economic transformation. And we make all kinds of fresh interpretations'.⁸⁰

Impact, Weaknesses, and Strengths

The failure of New world social scientists to attain the desired objectives cannot be blamed totally on the governments of the region. Given the dismal failure of the lewis strategy (by the late 1960s) and the increasing

realization that greater local control over the economy was imperative to arrest some of the structural contradictions, Caribbean governments eagerly implemented a substantial part of their recommendations. So desperate was the ruling classes that, in some cases, they even took the initiative to solicit the advice of the radical scholars on a number of development issues. Many of them were to occupy prominent positions in government and international agencies. Ironically, as their contact with the 'non-university' world increased the cause which had initially brought them together began to disappear in the background, ostensibly because of the lure of personal material gains. The ideological tensions and ambivalence which had been present in the Group from its very inception reached its tragic crescendo by 1970, bringing about the disintegration of the New World Group in its wake.

The extensive wave of nationalization (virtually embracing the entire economy)⁸¹ which the government of Forbes Burnham of Guyana implemented was a direct result of the recommendations of members of the New World school. Norman Girvan, in particular, was specifically commissioned to help in the preparation of the Government's nationalization strategy for the bauxite industry.⁸² Similarly, they had a profound impact on the Manley Administration in Jamaica, 1972-1980. The influence was twofold: (a) Manley's views on development were powerfully shaped by their conceptual framework⁸³ and (b) many of the government's official policies were largely formulated by them.⁸⁴ Thus under the rubric of 'Democratic Socialism' the government launched a broad range of populist economic and social reforms, including land reform programmes, housing, education, health, State Trading Corporations, and nationalization of critical sectors of the economy (bauxite, some commercial banks, tourism and certain utilities).⁸⁵

The path taken by Trinidad was 'less inward looking'. Here the government sought to accelerate the pace of its industrialization drive chiefly by inviting foreign corporations to enter joint ventures with them. The proposed schemes included (by 1974) the establishment of two petrochemical plants with Texaco with government owning 51 per cent of the shares, an ammonia plant with W.R.Grace with 51 per cent government holding, an aluminium smelting plant with Trinidad supplying the fuel, and Guyana and Jamaica providing the alumina (34 per cent local ownership), a sponge iron plant with Brazil providing the iron ore (51 per cent local ownership) and further fertiliser plants with several Canadian and American corporations based on 51 per cent local holdings.⁸⁶

These examples exhibit the unprecedented participation of the state in the economy after the late 1960s. In many cases the policies pursued were a direct outcome of the thinking of Best and his associates. Yet (almost to the same degree as the discredited Lewisian paradigm) results consistently lagged behind expectations. To a considerable extent this disappointing scenario attests to certain fundamental weaknesses which were inherent in their analysis.

The aggressive nationalism and their failure to embrace a genuine political economy approach to the problematique of social change constituted their principal shortcoming. As will become clear below their methodology was inseparable from their intense nationalist flavour. The method they adopted made it impossible for them to come to grips theoretically and politically with issues relating to the concrete mechanism of dependency and under-development, the role of the colonial and post-colonial state in the process of capital accumulation, exploitation, and the direction and course of change. The link between the external and internal forces which conditioned

the status quo was never clearly articulated. This lack of clarity meant that the approach to change was also vague and naive.

'Class is the key concept for understanding the dynamic of dependent development, its origins and its inherent contradictions'.⁸⁷

By the same token this development impasse can only be reversed by particular social classes within the oppressed economy.

A method which draws from Marxist intellectual current would have readily picked up this crucial insight, but their reactionary nationalism made them hostile to all forms of metropolitan scholarship. Liberal and Conservative social sciences as well as Marxist scholarship were simply regarded as alien, foreign, 'white-man' doctrines. Indeed, they were just as foreign as the plantations and transnational corporations themselves. The important point to grasp is the casual basis on which they arrived at this conclusion. Marxist literature (in particular) was not even subjected to any serious analysis and test.

Despite their plea 'to understand the Caribbean in terms of Caribbean definitions', they were perforce obliged to use certain 'alien', 'metropolitan' and 'white-man' tools and concepts (though not from Marxism proper but structural ideas coming out of Latin America) to address their problematic.⁸⁸ As a transplanted society (with absolutely no indigenous intellectual tradition) it was natural and, indeed, inevitable to fall back on a 'transplanted scholarship'. Best and his disciples thus developed an eclectic methodology which was tantamount to a juxtaposition and summation of elements of Western economics with politics, sociology, history and other

social science disciplines - a rather crude and vulgar multi-disciplinary jumble. To borrow an expression from de Silva, they related the subject areas to one another 'like the members of an espionage network, each one not knowing the other'.⁸⁹

Though critical of received doctrines they did not particularly seek to offer an alternative theoretical formulation. They seemed to have had the modest aim of refurbishing the inherited tool-box of economics so that it could enable them to reform the problems of the region, again not necessarily to revolutionise them. As Best put it in his seminal article:

'The tool-box which we now have is not lightly to be dispensed with. The injunction is that spanners are to be distinguished from jacks, and both from the chassis. Above all, a unit with internal combustion is altogether a different thing from a coach in harness. A hinterland carriage operates in dimensions very distinct from a metropolitan rocket and demands quite different materials, spare parts and modes of construction and repair. Yet, no doubt, Marshallian spanners and Keynesian jacks - not to mention all the neo-classical screw-drivers - could be very handy for tinkering with both'.⁹⁰

For the most part only those aspects of conventional wisdom which did not appear to tally with the social disarray in the region were questioned. These included the neo-classical theory of the firm and the theory of international trade. In the former case it was clear that the multinational corporations which dominate the Caribbean could not be regarded as perfectly

competitive firms (small and powerless) competing (on equal terms) in the market place. Apart from their foreign origin, these corporations were equally denounced for their notoriety in distorting the use of scarce resources in plantation economies.⁹¹

Similarly, the adverse manifestations of Caribbean trade relations with the metropole suggested that this trade was not governed merely by the 'law of comparative advantage' with its emphasis on mutuality and equality in the international milieu. They argued quite correctly that the structure, composition, and terms of this trade would have to take on board both historical and political factors.⁹²

Not surprisingly, therefore, the content of their analysis did not radically transcend the purview of neo-classical orthodoxy. Like neo-classical economists, they were centrally preoccupied with market relations but these were mainly dealt with at a spatial level. Hence the rationale for their metropole/hinterland dichotomy. Their enquiry into the relations between these two entities was guided by the 'utility theory of value' in contradistinction to the Marxist 'labour theory of value'. An analysis of social relations in the production process thus fell into the background altogether. Neither were they concerned for the most part with changing the nature of the existing production relations. Capitalist relations (despite its inherent conflicts and exploitative nature) were 'good' providing it was devoid of foreign devils. That is to say, foreign capital was the only capital that was exploitative. A full-fledged capitalist system based on indigenous capital was thus regarded as the key for solving the West Indian dilemma.

Despite their overwhelming emphasis on history they failed to realize that:

'Facts must be applied to establish the historical specificity of a social phenomenon in terms of its constituent elements and of the relations between these elements, which determined the structure of the phenomenon - and give it coherence. The assembling of relevant historical facts would involve movement up and down the time scale and over a wide social expanse⁹³

Small wonder their analysis of the historical development of West Indian societies turned out to be so dry, static, and lifeless. It is claimed that the essential characteristics of the pure plantation phase are reproduced from phase to phase, but the underlying forces which facilitate this reproduction remain unexplained. there is thus much force and merit in the criticism that these scholars have merely produced descriptive typologies as opposed to theoretical formulations.⁹⁴ Harris writes:

'These typologies are not devoid of some conception of economic process. But even in so far as there is a conception of economic process that conception is not integrated ... at the level of understanding the needs and requirements of capitalist expansion, and the representation of capital at the level of social relations within different classes does not appear at all within this framework. And furthermore, it is not clear what in the link between these typologies and a theoretical view of the process of capital development on the world scale'.⁹⁵

The foregoing critique would be completely one-sided if it did not credit the New World academics for the positive aspects of their contribution to Caribbean economic thought, and to our understanding of Caribbean realities. They pointed us in the correct direction when they attempted to explain underdevelopment in terms of relations rather than mere factor scarcities. In other words, the underdeveloped countries are not mere laggards but (to an overwhelming extent) they are victims of a long process of imperial domination.

It is now becoming increasingly clear that any meaningful attempt to understand growth and development problems in the underdeveloped world must be conducted outside of the framework of narrow conventional economic analysis. The crippling manifestation of underdevelopment remain unabated in these economies despite the huge proliferation of 'theories of development'.⁹⁶ But at best these theories offer only partial explanations of underdevelopment. To a considerable extent this failure results from their incorporation, whether implicitly or explicitly, of notions and methodological principles of neo-classical economics. We saw the limitations of this approach clearly in the case of Best and his followers. What is required to circumvent these fetters is a genuine political economy approach.

This is not the place to formally explore the role of politics and ideology in the transition from the postulates and concerns of classical political economy (and Marxian economics) to marginalist/neo-classical economics.⁹⁷ Suffice to say that by confining their analysis to the sphere of exchange (thereby diverting attention from the realm of production relations) neo-classical economists conceal more than they reveal about reality.

But this was by no means accidental. Stability within an inherently antagonistic class-divided society requires soothing doctrines - i.e. doctrines geared towards justifying and preserving the status quo. This called for a change in the framework, methodology and entire focus of economics. The result was an approach which was grossly ahistorical, amoral, and apolitical. Economics was now dubbed a 'positive discipline' with pretensions to both objectivity and scientificity. In fact it defined itself as a science concerned with how society allocates scarce resources between competing ends to maximise some goal. We need to note the static character of this definition and the framework in which economic analysis is conducted. How and when these resources originate, why they are scarce, who control these resources and whose ends are being pursued are not explained. Of considerable importance is also the heavy reliance on mathematical models for its 'scientific facade'.

When applied to underdeveloped countries, this approach claims that economic intercourse between nations is equally devoid of antagonisms and forms of exploitation.⁹⁸ Underdevelopment is therefore regarded as an original condition - a condition which all countries necessarily have to pass through. The euphemistic epithet 'developing' is substituted for underdevelopment instead of the seemingly more appropriate label 'further and increasingly underdeveloping'. Viewed from this perspective, the development of these countries is slow and lagging simply because of factor scarcities, factors bound up with culture, and matters relating to resource allocation and utilization. Development is possible, but the stimulus can only come from outside. A 'big push' (usually a small dose of acid), 'critical minimum effort' and diffusion of progress-oriented values from the developed world is thus recommended.⁹⁹ Colonialism, in so far as it is considered, is regarded as a positive and beneficial experience. Among the

positive effects cited are that it has converted the heathens, civilized them and hence emancipated them from their barbarity. This mission was an integral part of the 'white man's burden'.

The New World Group were quick to challenge these time-honoured myths. Not only did they develop a penetrating critique of colonialism but they adopted a methodology which emphasised structural and institutional parameters in Caribbean underdevelopment. Their principal analytical categories, metropole and hinterland, were both positive and negative in their effects.

On the positive side of the equation, they uncovered many of the obstacles to growth and development but this was at a highly general and abstract level. On the negative side, their preoccupation with spatial relations blurred the concrete and specific mechanisms which facilitate the reproduction of the growth-inhibiting structures and institutions year after year. The bankruptcy of their analysis became more glaring when they moved from the realm of diagnosis to prescription. What is the appropriate political strategy to adopt for countering the debilitating effects of imperial domination? Needless to say they had no clear and realistic answer to this critical question since they refused explicitly to conduct the discussion in terms of social classes. The process of class formations, class contradictions, class collaborations and the implications of these for capital accumulation in both the metropole and hinterland, all fell outside their purview. The impression from their diverse contribution is that exploitation is a phenomenon which only occurs when foreign actors are involved (e.g. through trade and investment) in the dependent, underdeveloped economy. The solution, therefore, lies in either getting rid of them altogether or dictating the terms and conditions under which they are

allowed to operate in the host economy - not in changing the entire character of the system and social relations. It is also noteworthy that the neo-colonial state was also not viewed in terms of class analysis. Thus it was taken for granted that this ideologically neutral state would automatically implement their technically sound economic programme in the national interest.

It was this oversimplification of Caribbean political economy which led to the limited impact which they had on reforming and transforming Caribbean societies. Even when their policies were implemented they failed to yield the desired result. That is, they served to enhance the interests and well-being of a different class. The 'Guyanization' of the Guyanese economy, for instance, failed to make a dent on the plight of the overwhelming majority of the population. On the contrary, it assisted the deepening of petty-bourgeois control over the state, augmenting the economic resources of the state and the leverage of the ruling political party over the economy.¹⁰⁰

Similarly, the series of problems which the Manley Administration in Jamaica (1972-1980) encountered when it tried to put into effect many of the structural reforms they recommended, exposed the fallacy in their argument that a class analysis has no relevance for the Caribbean. The curtailing of investment, the complete withdrawal of capital from production, production stoppages at critical points (e.g. on the eve of a general election), propaganda warfares overseas (to tarnish the image of the government and country), foot-dragging in the civil service, inept performance, disclosure of confidential information and resignation for migration purposes were blatant expressions of class power and behaviour. Not surprisingly, this first-hand insight into how classes behave whenever their relative position in society is challenged, or whenever they feel threatened by social change,

forced several New world scholars to re-examine their methodology.¹⁰¹

The Contributions of Clive Thomas and Walter Rodney

By embracing a Marxist methodology almost from the very outset, Walter Rodney (1972, 1975) and Clive Thomas (1974), two distinguished West Indian academics, were able to transcend the parochialism (and hence many of the limitations) of the plantation paradigm. That both works were written outside the region (i.e. University of Dar es Salaam, Tanzania) is partly a testimony of the general contempt with which Marxist ideas were regarded in the region. The common attitude towards these dangerous people was clearly stated from as early as 1929 by the then Governor of Jamaica, Sir Reginald Stubbs:

'There appears to be a considerable number of persons in South and Central America who hold advanced Communist opinions. I am not aware that any such persons have yet appeared in this island, but I frequently receive warning from his Majesty's representatives abroad that their arrival is to be expected, and I should like to have the power of removing them before they can do any mischief. ...During a recent Convention of delegates of the Universal Negro Improvement Association some of the foreign delegates used language which would have led me to deport them at once if I had had the power'.¹⁰²

Forty years later the Governor's fears remained just as real. Thus both Rodney and Thomas were declared persona non grata by the Jamaican government in the late 1960s for their 'subversive' views.

As the title of Thomas' book suggests, he is concerned with the economic/technical aspects of the transition process to socialism. The book is specifically geared for small nations struggling to overcome economic, social and political backwardness. No doubt Thomas had the Caribbean in mind, but he was also concerned with a substantially wider class of economies. He was particularly impressed with the wind of change which was initiated by President Julius Nyerere, shortly after Tanzania attained constitutional independence from Britain.¹⁰³ Referring to the changes in Tanzania, Thomas wrote 'I believe that this single circumstance, more than any other has been responsible for the unique form and conception it (i.e. his book) has taken'.⁽¹⁰⁴⁾ But the work was also an elaboration of an earlier book written with Havelock Brewster, The Dynamics of West Indian Economic Integration, (1967).

In Part One, Thomas devotes his attention to a critical analysis of issues relating to underdevelopment, dependence, neo-colonialism and transformation. Here he confronts, and ably dispels, many traditional neo-classical and even socialist views on the fate of small economies.

In rejecting the former (over-population, geographical and modernization theories) Thomas noted their underlying methodological flaws:

'despite the apparent diversity of these
theoretical formulation, there is indeed a
common methodological unity in that they

all purport to explain underdevelopment as a phenomenon independent of the historical process. They are therefore fundamentally anti-historical theories, explaining underdevelopment in terms of innate characteristics of peoples and their environments, or in terms of self-perpetuating cycles of poverty'.¹⁰⁵

For Thomas, underdevelopment (whether in small or large economies) is fundamentally an expression of both class relations and the subordinate position in which these societies were integrated into the world capitalist system. Size (smallness) is merely the physical context in which social relations are established and the mode of production is organised.¹⁰⁶ It becomes a problem when the small economy remains enmeshed in the international capitalist system and attempts to pursue the same goals as the developed countries.

Although he posits a more sophisticated analysis than most dependency theorists (especially his treatment of class) his thesis on underdevelopment is strikingly similar to that enunciated by Andre Gunder Frank (1967, 1969, 1972),¹⁰⁷ usually credited with being the chief architect of the dependency paradigm. The following quote, though lengthy, is worth citing for it constitutes the crux of the problem (to be transformed):

'European development generated the underdevelopment of the rest of the world by destroying those indigenous social forces which otherwise might have led to the transformation of their pre-capitalist

modes of production. In their place they offered trade (i.e. participation in the global division of labour as providers of raw materials and consumers of manufactured output). This trade, reinforced by politically directed violence, destroyed and put into disarray the existing relations of production within these countries. The consequence was that European-directed relations of production took over. Naturally, these were designed to bring the domestic productive forces into the services of the industrial bourgeoisie of Europe. The ultimate consequences of these developments was that the productive forces of these countries were torn loose from their roots in the domestic market. Thereafter, production became increasingly divergent from, and unresponsive to, the needs of the local people'.¹⁰⁸

Underdevelopment thus manifests itself in the profound divergence between the structures of production, consumption, and economic activities in general. In more telling terms 'on the one hand, the lack of an organic link, rooted in an indigneous science and technology, between the pattern and growth of domestic resource use and the pattern and growth of domestic demand, and, on the other, the divergence between domestic demand and the needs of the broad mass of the population'.¹⁰⁹ It is this lopsidedness which fosters the various dependency relationships which Best and others have described so well.

He does not deny the possibility of high growth rates in the dependent,

underdeveloped economy. As we have already seen this growth can be phenomenal but this does not necessarily mean that structural transformation has been undertaken in these economies. Thus while maintaining the same set of structural and production relations Taiwan, Hong Kong, South Korea, Singapore, Puerto Rico, Zambia, Ivory Coast, Israel, Greece, Jamaica, and Trinidad and Tobago all achieved an average growth rate of over 3 per cent per annum throughout the 1960s. This contrasts sharply with the relatively meagre performance of those economies with 'socialist' economic strategies (excluding North Korea). For example, Taiwan and Hong Kong recorded growth rates of 6.3 per cent and 8.7 per cent respectively, while Cuba and Tanzania had figures of -3.2 per cent and 1.6 per cent respectively.¹¹⁰

But the pattern of growth in the 'high growth' economies had been predicated on a very fragile and 'development-inhibiting' basis. In Thomas' own words, the growth was 'a dependent by-product of developments in the capitalist center'.¹¹¹ Moreover, the industrialization activities were restricted to terminal activities (e.g. assembly-type consumer industries, processing of simple raw materials), the programmes were overwhelmingly dependent on imported inputs (raw materials, technology, and managerial skills), no dynamic linkages were established between the various sectors of the economy, the economy became more committed to export production at the expense of producing to satisfy domestic needs, especially food requirements, and the distribution of income became further exacerbated. In a word, 'the industrialization that has occurred has done little to liberate the social (and economic) order'.¹¹² That is why Thomas is sceptical of this 'model of development'.

In true neo-Marxian spirit he thus argues for a fundamental disengagement of underdeveloped countries from international capitalism and the adoption of a

comprehensive socialist strategy of development. It is in this context that he postulates convergence of resource use and demand,¹¹³ and (2) the convergence of needs with demand.¹¹⁴ This convergence is a sine qua non for genuine economic and social development.

The rest of Thomas' book is concerned with the technical issues and problems which are central to the transformation process. Broadly speaking, these include the role of different sectors in the accumulation process (particularly in agriculture), role of the state (in structural transformation, ownership of the means of production, relative balance between private and public sectors, attitudes towards foreign capital, foreign trade, comprehensive planning, reliance on the markets as a mechanism for allocating resources, transformation of social relations (especially in the countryside) and international economic relations, land reform), the role of aid and the general financing of the transformation process, and, lastly, the importance of regional integration.

Indeed, the economic strategy outlined by Thomas is the principal innovation in his contribution. For the most part, his colleagues in both the Caribbean and other parts of the Third World (notably Latin America) were principally preoccupied with diagnosing the cause(s) of dependence and underdevelopment. Though advocating change (sometimes via socialism) they invariably neglected the issues which are necessarily entailed in shunting these economies on a new track.¹¹⁵ By focusing on the theme of transformation, Thomas has made an enormous contribution in removing that gap.

Of course, every economic strategy requires a parallel political strategy if it is to advance the process of socialist transformation. Although Thomas

did not deal with the political aspects of the process there was no doubt that he was aware of the political requirements for the operationalization of his strategy. Hence his reason for assuming a priori that the political problem has been solved and that power is firmly entrenched in the hands of a worker/peasant alliance. It would therefore be unfair to denigrate his work for this omission since this was not one of the goals of his book, Dependence and Transformation: the Economics¹¹⁶ of the Transition to Socialism.

The Guyanese Marxist historian, Walter Rodney, added further to the debate on Caribbean underdevelopment by defining the problematique in racial and cultural terms:

'There are two basic sections in the imperialist world - one that is dominated and one that is dominant. Every country in the dominant metropolitan area has a large majority of whites - USA, Britain, France, etc. Every country in the dominated colonial area has an overwhelming majority of non-whites, as in most of Asia, Africa, and the West Indies. Power, therefore, resides in the white countries and is exercised over blacks!'¹¹⁷

In another passage Rodney wrote:

'The white capitalist cannibal has always fed on the world's black peoples. White capitalist imperialist society is profoundly and unmistakably racist. The West Indies have always been a part

of white capitalist society. We have been the most oppressed section because we were a slave society and the legacy of slavery still rests heavily upon the West Indian black man'.¹¹⁸

The extent of the exploitative nature of 'the white capitalist cannibal' is detailed in his polemic (1972) 'How Europe Underdevelop Africa'. The title of this work captures the transitive use of the word 'underdevelop' - a perspective which began with the pioneering work of Paul Baran (1957), and subsequently elaborated by Andre Gunder Frank (1967, 1969, 1972), Sweezy (1972), Jalee (1968) and other 'Monthly Review' theorists. In his opening chapter Rodney conducts a theoretical discourse on the meaning of 'development' and 'underdevelopment'. For him underdevelopment is fundamentally a relationship of exploitation.¹¹⁹ The familiar position of the dependency approach emerges in its characteristically blunt and straightforward fashion:

'development and underdevelopment are not only comparative terms, but ... they also have a dialectical relationship one to the other: that is to say, the two help produce each other by interaction ... Africa helped to develop Western Europe in the same proportion as Western Europe helped to underdevelop Africa'.¹²⁰

The solution to the ravages (economic, social, political and cultural) left to the colonial world after centuries of imperial domination and exploitation lay not simply in a break from the imperialist system, but additionally, power should be placed unambiguously into the hands of blacks

- the segment which has always been oppressed. They in turn should use this power (won through revolutionary means)¹²¹ to reconstruct a society in their own image and to serve their interests.

'Blacks', for him, comprise the Indians and Africans who were brought forcibly to the region to facilitate the material interests of the white colonists, and who were powerless for the most part. His ideal society has room for 'non-blacks', providing they relinquish their exploitative habits:

'The moment that power is equitably distributed among several ethnic groups then the very relevance of making the distinction between groups will be lost. What we most object to is the current image of a multi-racial society living in harmony - that is a myth designed to justify the exploitation suffered by the blackest of our population, at the hands of the lighter-skinned group....[the latter] can have the basic rights of all individuals but no privileges to exploit Africans as has been the pattern during slavery and ever since'.¹²²

The views articulated by Rodney, leading Black Power activist and theorist, bore a close resemblance to rastafarian philosophy. Both movements must be located firmly in the general development of the struggle for genuine emancipation.¹²³ Anti-colonialist, anti-establishment, anti-capitalist/anti-imperialist, they both denounced the oppressive nature of West Indian society and sided with the oppressed layers of the society. Both stand on one accord in the call for a change of the status quo.

Central to rastafarian philosophy are the concepts 'Babylon' and 'Zion'. The former denotes the city of contamination and oppression. It encompasses the previous colonial system, the present capitalist/imperialist system (dominated by American interests), and all their supporting institutions - police stations, court houses, schools (with their elitist curricula), churches, and the like. These are all portrayed as symbols of injustice. Most odious of all is the white Roman Catholic church which, they recalled, was instrumental in uprooting Africans from their homelands and placing them in exile (slavery). Whenever a rastafarian beats his drum (and indeed he normally beats it hard) it is this oppressive society that he seeks to destroy. His longing is to return to Zion - the complete anti-thesis of Babylon. Zion represents the city of purity, divine perfection, harmony - in a word, the just society. In rejecting 'Babylon', they, simultaneously, articulate a veneration (and a proud place) for things black and quint-essentially African. In other words, they call for a complete psychological revolution to remove the long and gruesome scars which colonialism also left on the psyche of their victims.

What Rodney did was to put an intellectual stamp on these ideas (of black consciousness). His vast knowledge of African history,¹²⁴ coupled with his unequivocal condemnation of race (and class) oppression was to win him many friends among the depossessed. This explains the ease with which he was able to work with the rastafarian community in Western Kingston, Jamaica, during the 1960s when he was a lecturer in African history at the University of the West Indies. This collaboration (with its revolutionary tendencies) led the conservative Jamaican government, under the leadership of Hugh Shearer, to ban him from the island in 1968.¹²⁵

Despite this ban black power became the leading radical ideology in vogue in

the Commonwealth Caribbean in the early 1970s. It was to have a profound impact on many radical parties and movements, not least of all was the New Jewel Movement.¹²⁶ That the party was able to acquire political power after only six years in existence was not proof of the ideological potency of black power as a vehicle for change. Rather it was due to a set of special circumstances which were peculiar to Grenada in the 1970s, chief of which was 'Gairicism'. As we have seen from chapter two, Gairicism led to the alienation of virtually the whole society by the mid-1970s. The absence of a strong, well-organised opposition party (and one which articulated the interests of the Grenadian masses) made the task even easier. The phenomenon of Gairicism also served to expose many of the contradictions inherent in the notion of black power, based as it was on the premise of race. Gairi was a black man administering a black society yet he was, perhaps, even more oppressive than the 'white oppressors'. It was also evident to Bishop and his colleagues (who were all very impressed with the achievements of the Cuban Revolution) that Castro was a white man yet no one in the region was more anti-imperialist and pro-working class than him. The failure of the Black Power Movement to topple the Trinidadian government in 1970 revealed further the limitations of this ideology. The result was a gradual movement to the principles of scientific socialism. In the words of a prominent New Jewel Movement cadre, Selwyn Strachan,

'[The NJM] started off as what we would call a revolutionary party, a revolutionary democratic party. We never called ourselves socialist at the beginning. The New Jewel Movement was engaged in revolutionary politics, attacking the system, trying to raise the political consciousness of the people, and - fundamentally - raising

democratic issues amongst the masses and trying to get them to struggle with us for democratic rights and freedoms. It started off on that basis. As we got more and more mature, we were able to work out a clearer ideological position. It didn't come artificially, it was as a result of struggle, in a concrete way. Over a period we were able to work out a firm and definite ideological position. Lots of organization started off as Black Power Organizations in the Caribbean, and eventually settled down into a permanent trend. Lots of the leaders you find in the region started off as advocates of Black Power. In the early and late 1960s, the civil rights struggle in the United States and in England had some influence on the region, through people coming back home and starting off organizations. But as the struggle developed and they became more clear on the situation, they were able to settle into a permanent trend as to how society should go, what form the struggle should take. We went through that process also'.¹²⁷

1. The New World Group was formed in Guyana in 1962 but later shifted to the mona campus of the University of the West Indies. In its early days, the Group's periodical (New World Quarterly) mainly focused on economic, social, political, and cultural problems affecting the Guyanese social formation. The analysis was soon extended to the entire Commonwealth Caribbean as it was recognised that the region as a whole was beset by essentially the same problems, barring the racial conflicts.
2. See G. Beckford, Persistent Poverty: Underdevelopment in Plantation Economies of the Third World (Oxford University Press, New York, London and Toronto, 1972).
3. W. Rodney, How Europe Underdeveloped Africa, (Dar es Salaam: Tanzania Publishing House, 1972)

W. Rodney, The Groundings With My Brothers, (London: Bogle - L'Ouverture Publications Ltd., 1975).
4. C. Thomas, Dependence and Transformation: The Economics of the Transition To Socialism, (Monthly Review Press, New York, 1974).
5. A large sample of the Group's production can be found in N. Girvan, and O. Jefferson, (eds.), Readings in the Political Economy of the Caribbean, (New World, Kingston, Jamaica, 1971).
6. To state the obvious, the present international economic system in which these peripheral economies operate was a product of colonisation and a long history of imperial domination. Now that their status has changed (i.e. constitutional independence has been conceded) the cry for a restructuring of this old Order is not unreasonable. Moreover, their new status make them totally responsible for all their affairs (internal and external), unlike the days of colonialism. Yet the means for satisfying these requirements are increasingly eluding them. And this is despite their mounting problems.
7. A. Phillips, 'The Concept of 'Development'', Review of African Political Economy, No.9, (1977).
8. A. Phillips, *ibid*, p20.
9. A. Payne, 'Dependency Theory and the Commonwealth Caribbean' in A. Payne and P. Sutton, (eds.), Dependency Under Challenge: The Political Economy of the Commonwealth Caribbean (Manchester University Press, 1984), pp8-9. Emphasis is in the original.
10. Cited in M. Blömstrom and B. Hette, Development Theory in Transition (Zed Books, London, 1984), p118.
11. L. Best, 'Independent Thought and Caribbean Freedom' in N. Girvan and O. Jefferson, (eds.), 1971, op. cit., p7.
12. A. McIntyre, 'Some Issues of Trade Policy in the West Indies' in N. Girvan and O. Jefferson, (eds.), 1971, op. cit., p165. Emphasis added.
13. P. Jalée, The Pillage of the Third World, (Monthly Review Press, New York, 1968), p27.

14. N. Girvan, and O. Jefferson, (eds.) 1971, op. cit., p2.
15. L. Best, 'Independent Thought and Caribbean Freedom', p21.
16. D. Seers, 'The Limitations of the Special Case', Bulletin of the Oxford Institute of Economics and Statistics, vol.25, no.2, (May 1963).
17. D. Seers, 'The Mechanism of an Open Petroleum Economy', Social and Economic Studies, vol. 13, no.2, (1964).
18. D. Seers, 'Limitations of the Special Case', p79.
19. It is characterised by a high degree of foreign-ownership, overwhelmingly dependent on the performance of an export staple. This export is relatively profitable and government expenditure is financed mainly from taxes derived from exports.
[D. Seers, 1963, ibid., p234].
20. A straightforward, wholesale application of orthodox economic analysis would not have readily provided such a key insight. In the Classical System, for instance, what was saved was automatically invested, thanks to the equilibrating mechanism of the rate of interest. But in Seers' class of economies investment was an induced category, not autonomous, which was mainly determined by the trend in exports (ibid., p237). Similarly, Keynesian analysis was not tenable with mass unemployment co-existing with high and increasing wages. Recall in the 1930s (i.e. the time at which Keynes was writing) income and aggregate demand were low due to the Great Depression. Keynes thus prescribed policies for raising demand and hence income. But the problems in the 'open petroleum economy' were largely structural. 'The impetus of rising exports is largely absorbed by the increase in the wages of those already in employment, rather than by an increase in employment' (ibid., p235).
21. H. Brewster, 'Exports, Employment and Wages: Trinidad and Tobago and the Seers' Model of the Open Economy', (C.S.O. Research Papers, No.5, 1968).
22. C. Bruce, 'The Open Petroleum Economy: A Comparison of Keynesian and Alternative Formulation', in Social and Economic Studies, vol.21, (1972).
23. J.R. Mandle, Big Revolution Small Country, p5.
24. The pattern of colonisation was different in settlement colonies. The families and colonists who went there went with the intention of establishing permanent settlements. Not surprisingly, these eventually took on features which bore a close resemblance to their original homelands. Self-sufficiency in food production, massive local participation in the administration of the colony, less dependence on the metropole were all distinguishing features. (See Beckford, 1972, op. cit., especially p36, for other differences).
25. L. Best, 'Outlines of a Model of Pure Plantation Economy', in Social and Economic Studies, vol.12, no.3, (1968), p294. Emphasis added. See also L. Best and K. Levitt, 'Character of Caribbean Economy' in G. Beckford (ed.), Caribbean Economy, (Institute of Social and Economic Research, U.W.I., Mona, 1975).

26. L. Lindsay, 'Colonialism and the Myth of Resource Insufficiency' in V. Lewis, (ed), Size, Self-determination and International Relations: The Caribbean (I.S.E.R., U.W.I., Kingston, 1976), p51.
27. As one analyst put it 'though people might now be free - the land remained in bondage'. See H. Tinker, A New System of Slavery: The Export of Indian Labour Overseas 1830-1920, (London: Oxford Univeristy Press, 1974), p2.
28. K. Levitt, 'Old Mercantilism and the New', Social and Economic Studies, vol.12, no.4, (1970), p471.
29. These views are exemplified in the work of W. Rostow, The Stages of Economic Growth, (Cambridge: Cambridge University Press, 1960).
30. W. Demas, The Economics of Development in Small Countries, (McGill University Press, McGill, Canada, 1965), p35 Emphasis added.
31. W. Demas, *ibid.*, p23.
32. W. Demas, *ibid.*, p4. Emphasis added.
33. Noting the limitations of such an approach Dobb remarked: 'One might think it is harmless enough to make an abstraction of certain aspects of exchange - relations in order to analyse them in isolation from the social relations of production. But what actually occurs is that once this abstraction has been made it is given an independent existence as though it represented the essence of reality, instead of one contingent facet of reality'. (M. Dobb, 'The Trend in Modern Economics', in E.K. Hunt and J.G. Schwartz, (eds.), A Critique of Economic Theory, (Harmondsworth, England, Penguin, 1972), p43. Emphasis added. It may be further noted that the economic facet, in the case of Demas, is not necessarily the most important facet of reality.
34. L. Best, 'Size and Survival' in Girvan and Jefferson, 1971, op. cit., p31. His complete rebuttal of Demas' thesis is contained in the same volume edited by Girvan and Jefferson. Best's distinction is reminiscent of McIntyre's structural/functional dependence dichotomy. The former refers to 'the dependence that arises because of the size and structure of the economy and cannot be helped, and the latter arises as a result of the particular policies chosen and can therefore be avoided if alternative policies are pursued. (See A. McIntyre, op. cit., p166).
35. L. Best, 'Size and Survival', op. cit., p31.
36. G. Beckford, 1972, op. cit., pvii.
37. G. Beckford, *ibid.*, pvii.
38. This, undoubtedly, was one of their principal weakness, as will be established later.
39. The term 'plantation hinterland' is used by both to describe the entire system. The justification for this characterisation lies in their contention that these societies still exhibit all the essential hallmarks of the plantation. But whereas Best and Levit treat the plantation as a unit within the system (thereby admitting

the existence of non-plantation type units), Beckford equates the plantation with the whole system. In fact he broadens the definition to include substantial areas of the Third World as well as the United States South. (See Beckford, 1972, pp14-15).

40. Beckford, 1972, *ibid.*, p14.
41. Beckford, *ibid.*, p14.
42. Beckford, *ibid.*, p210. Emphasis added.
43. Beckford, *ibid.*, p48.
44. Beckford, *ibid.*, p83.
45. Beckford, *ibid.*, p206.
46. Beckford's position contrasts sharply with those 'two sector' models in vogue (for example, Arthur Lewis' capitalist/subsistence dichotomy) which argue that economic transformation can only emanate from the 'modern' sector.
47. The degree of intensity with which they cultivate their land is also considered. The evidence suggests that, unlike large landowners, peasants rarely operate with idle land. Any redistribution of land in their favour will therefore lead to expanded output, especially if other complementary resources are also redistributed, i.e. credit facilities, agricultural inputs and general infrastructure.
48. These include: (a) N. Girvan, Foreign Capital and Economic Underdevelopment in Jamaica, (Institute of Social and Economic Research, U.W.I., Mona, Jamaica, 1971). (b) 'The Development of Dependency Economics in the Caribbean and Latin America', Social and Economic Studies, vol.22, no.1 (1973a) (c) 'Multinational Corporations and Underdevelopment', Social and Economic Studies, vol.22, No.1, (1973b). (d) Corporate Imperialism, (Monthly Review Press, New York, 1978).
49. Girvan, 1973b, *ibid.*, p512. My emphasis.
50. Girvan, Foreign Capital and Economic Underdevelopment..., p259. This position is corroborated by Owen Jefferson's study (1972). Jefferson's work was an attempt to measure the impact of incentive legislation on the Jamaican economy in the post-1945 period. See, also, the findings of Carrington's empirical study in the case of the experience of Trinidad and Tobago, Best's country of origin - (and the case which stimulated his intellectual campaign). (Carrington, 1968).
51. For instance, he notes, Guyana and Surinam exported mere bauxite ore for some 40 years before the subsidiaries started the production of alumina (Girvan, 1973b, p512).
52. Girvan, Foreign Capital and Economic Underdevelopment in Jamaica, pp79-80.
53. Girvan, 1973b, p516.
54. Manley's imposition of a production levy on the bauxite companies in Jamaica in 1974 is a classic case in point.

55. That is, techniques which not even the founders or proponents of orthodox economic development theory could dispute.
56. Cited in I. Oxaal, 'The dependency economist as grassroots politician in the Caribbean' in I. Oxaal et al., (eds), Beyond the Sociology of Development, (Routledge Kegan Paul Ltd., London, 1975), p38.
57. H. Brewster, 'Economic Dependence: A Quantitative Interpretation', Social and Economic Studies, vol.22, No.1, (1973), p91.

This definition gets around the argument that the term dependence is a redundant category since all countries are interdependent. This may be so but Brewster's definition shows clearly that there is a qualitative difference between the external dependence of countries such as the U.S. and Caribbean economies.

Note, too, this definition contains elements of that espoused by the Brazilian dependency theorist, Theotonio Dos Santos:

'By dependance we mean a situation in which the economy of certain countries is conditioned by the development and expansion of another economy to which the former is subjected. The relation of interdependence between the two or more economies, and between these and world trade, assumes the form of dependence when some countries (the dominant ones) can expand and can be self-sustaining, while other countries (the dependent ones) can do this only as a reflection of that expansion, which can have either a positive or a negative effect on their immediate development'

(Cited in P. O'Brien, 'a Critique of Latin American theories of dependency' in Oxaal et al., 1975, op. cit., p12).

58. Cited in I. Oxaal, 'The Dependency Economist as Grassroots Politician ...', pp38-39.
59. Beckford, 1972, op. cit., p215.
60. Beckford, ibid., p102.
61. Beckford, ibid., p219. Emphasis added.
62. Beckford, ibid., p219.

This may be true, or it may not be true. But, we cannot say a priori what is the precise nature of the relationship between the socialist 'centre' countries and underdeveloped, peripheral economies which have opted for a socialist path. Beckford has provided no evidence to bear on his claim. For a recent discussion of Cuban dependence see R. Packenham, 'Capitalist Dependency and Socialist Dependency: The Case of Cuba', Journal of Inter-American Studies and World Affairs, vol. 28, (1986).

63. D. Seers et. al., Cuba: The Economic and Social Revolution, (Chapel Hill, University of North Carolina Press, U.S.A., 1964).

64. Beckford, 1972, op. cit., p219.
65. To support his position, he recalled the experience of the United States and Japan whose development were largely induced by 'inward - looking' development strategies. He also referred to the generous amount of diversification which many plantation societies (including the Caribbean) experienced during the war years when shipping lines were severely disrupted. This 'disaster' was a blessing in disguise because the adjustments which were forced on these dependent societies testifies to what can be accomplished when countries rely on themselves (as much as possible) to survive (Beckford, ibid., pp220-221).
66. The Caribbean Free Trade Area (CARIFTA) was formed in 1968. This organisation for trade liberalisation between the various national units within the Commonwealth Caribbean was heavily influenced by the thinking of William Demas. See his The Economics of Development in Small Countries with Special Reference to the Caribbean, (Montreal, 1965).
67. See H. Brewster and C.Y. Thomas, The Dynamics of West Indian Economic Integration, (Institute of Social and Economic Research, U.W.I., Jamaica, 1967), for further details.
68. As an example, Beckford cites the case of chocolate products. Here the Caribbean is relatively abundant in sugar while Ghana and Nigeria are rich in cocoas. Britain, on the other hand, grow a comparatively small quantity of sugar and no cocoa at all. Yet the more lucrative business of manufacturing of chocolate products take place in Britain. So Britain has in effect integrated these underdeveloped countries into her own development needs.
69. The Black Power movement which flowered during this period was geared towards challenging this psychological dependency. See Beckford, 1972, op. cit., pp220-232 for further elaboration on the required changes.
70. Beckford, ibid., p213.
71. Beckford, ibid., p235.
72. Beckford, ibid., p233. This is a highly debatable proposition. Admittedly any radical change in these societies must be fully endorsed by this class since they constitute the overwhelming majority of the population. However, it seems as if Beckford has under-rated the impact of centuries of colonialism in fracturing the psyche of this group. Certainly, a heavy burden rests on the shoulders of the progressive intelligentsia in mobilising them for the task.
73. See L. Best, 'Independent Thought and Caribbean Freedom', especially pp22-28.
74. According to one estimate, \$86 m (US) flowed into the economy per year over the period 1957-1965. Yet over \$111 m U.S. flowed out of the country. For 1966-1967 it is claimed that outflows were one-and-a-half times the inflows (cited in I. Oxaal, Black Intellectuals and the Dilemmas of Race and Class in Trinidad, (Schenkman Publishing Company Inc., Massachusetts, 1982), p293.

75. Cited in I. Oxaal, 1982, *ibid.*, p296.
76. For a pragmatic treatment of how to carry out nationalisation, see N. Girvan, 'Why We Need to Nationalise Bauxite and How', in Girvan and Jefferson, eds., 1971, *op. cit.*
77. The importance of these inducements cannot be overemphasized since, as Best put it,

'it is the lack of local initiative in production and supply which is at the heart of the economic disorder' (Best, 'Independent Thought and Caribbean Freedom', p12).
78. I. Oxaal, 1982, *op. cit.*, p298.
79. L. Best, 'Independent Thought and Caribbean Freedom', p25.
80. Cited in I. Oxaal, 1982, *op. cit.*, p299. Emphasis in the original.
81. By 1976 some 80 per cent of the economy was under state ownership. See C. Thomas, 'Guyana: The Rise and Fall of 'Co-operative Socialism'', in A. Payne and P. Sutton, (eds.), 1984, *op. cit.*, p90.
82. See N. Girvan, 'Why we need to Nationalise Bauxite and How', *op. cit.*
83. As an example see his The Politics of Change. A Jamaican Testament, (London: André Deutsch, 1974). This work is replete with notions of unequal exchange, structural reforms, and a call for a New International Economic Order.
84. For instance, when the crisis loomed in 1977 Manley resorted to the technical expertise of these scholars. Norman Girvan even received a permanent appointment in the state bureaucracy, being made head of the National Planning Agency.
85. See E. Stephens and J. Stephens, Democratic Socialism in Jamaica, (Macmillan Ltd., London, 1986), particularly chapter 3, for a list of the government's populist policies.
86. See P. Sutton, 'Trinidad and Tobago: Oil Capitalism and the 'Presidential Power' of Eric Williams' in A. Payne and P. Sutton, (eds.), 1984, *op. cit.*, p52.
87. R. Munck, Politics and Dependency in the Third World, p81.
88. We have already discussed the role Dudley Seers played in disseminating these ideas to New World academics. See G. Cumper, 'Dependence, Development and the Sociology of Economic Thought', in Social and Economic Studies, Vol.23, No.3, (1974), for a rejection of Girvan's thesis (1973a) that the New World debate was a totally autonomous process of intellectual development.
89. S. de Silva, The Political Economy of Underdevelopment, (London: Routledge and Kegan Paul, 1982), p8.
90. L. Best, 'Outlines of a Model of Pure Plantation Economy', p324.

91. See Beckford (1972), especially chapter 6 'Social Costs of Plantations: resource misallocation in Plantation Economy'. Note the emphasis on resource allocation. Moreover their framework was just as static as the neo-classical theorists.
92. For a detailed analysis of the 'politics' of the theory of comparative advantage, see S. Sideri, Trade and Power, Informal Colonialism in Anglo-Portuguese Relations, (Rotterdam University Press, 1970).
93. S. de Silva, 1982, op. cit., p16.
94. See for examples, D. Benn, 'The Theory of Planatation Economy and Society: A Methodological Critique', in Journal of Commonwealth and Comparative Politics, no.12 (1974).
D. Harris, 'Notes on a Marxist Methodology for Social Science Research in the Caribbean' in L. Lindsay (ed.), Methodology and Change. Problems of Applied Social Science Research Techniques in the Commonwealth Caribbean, (Working Paper No.14, I.S.E.R., Jamaica, 1978).
95. D. Harris, 1978, ibid., p19.
96. One of the most daunting tasks of students of Development Economics is sorting out this staggering literature.
97. See M. Blaug, Economic Theory in Retrospect, (Homewood III, Irwin, London, 1962) and G. Shackle, The Years of High Theory, (Cambridge, Cambridge University Press, 1967), for a useful exposition on this issue.
98. As an example, in the context of trade and development, see J. Viner, International Trade and Economic Development, (Oxford Univeristy Press, Oxford, 1953).
99. For an excellent critique of this approach, see Tamas Szentes, The Political Economy of Underdevelopment, (Budapest: Akademiai Kiado, 1971).
100. C. Thomas, 1984, op. cit., p93.
101. A notable example is George Beckford. See, for example, G. Beckford, and M. Witter, Small Garden, Bitter Weed: The Political Economy of Struggle and Change in Jamaica, (Maroon Publishing House, Morant Bay, Jamaica, 1984).
102. Cited in K. Post, Arise Ye Starvelings: The Jamaica Labour Rebellion of 1938 and its aftermath, (Martinus Nijhoff, The Hague, Boston and London, 1978), p11.
103. See J.K. Nyerere, Ujamaa: Essays on Socialism, (Oxford University Press, 1968) for an elaboration of the government's strategy for building a socialist society.
104. C. Thomas, 1974, op. cit., p7.
105. Thomas, 1974, ibid., p48. Emphasis in original.

106. Thomas, *ibid.*, p30.
107. A. Frank, Capitalism and Underdevelopment in Latin America, (New York, Monthly Review Press, 1967).

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108. Thomas, 1974, op. cit., p58. Emphasis in the original.
109. Thomas, 1974, *ibid.*, p59.
110. See Thomas, 1974, *ibid.*, Table 1, p85.
111. Thomas, *ibid.*, p117.
112. Thomas, *ibid.*, p107.
113. See Thomas, 1974, *ibid.*, especially chapter 4.
114. See Thomas, *ibid.*, chapter 8.
115. See A. Foster-Carter, 'Marxism - Dependency Theory? A Polemic', Occasional Paper, Department of Sociology, Univeristy of Leeds, (1979), for a discussion of this point.
116. My emphasis.
117. Cited in M. Blömsstrom and B. Hettne, 1984, op. cit., p108.
118. M. Blömsstrom and B. Hettne, *ibid.*, p108.
119. See W. Rodney, 1972, op. cit., pp9-40.
120. W. Rodney, 1972, *ibid.*, pp84-85.
121. He painstakingly stressed that 'violence' varies with the class character which it entails.

 'By what standard of morality can the violence used by a slave to break his *chains* be considered the same as the violence of a slave master? ... Violence aimed at the recovery of human dignity and at equality cannot be judged by the same yardstick as violence aimed at the maintenance of discrimination and oppression'. (Cited in B. Chevannes, 'The Literature of Rastafari', Social and Economic Studies, vol.26, (1977), p249.
122. Cited in A. Payne, 'The Rodney Riots in Jamaica: The Background and Significance of the Events of October 1968', Journal of Commonwealth and Comparative Politics, vol.2, no.2., (1983)., p165. Emphasis in the original.

123. See J. Owens, Dread: The Rastafarian of Jamaica, (Kingston, Sangster, 1976) for details on the original and content of rastafarianism.
124. He was awarded a Ph.D. degree in 1966 for his thesis A History of the Upper Guinea Coast, 1545-1800, submitted to the School of Oriental and African Studies, University of London.
125. See Payne (1983) for further information on the background to this event and the riots which it subsequently engendered.
126. See Jacobs and Jacobs, 1980, op. cit., especially p75.
127. See the Introduction (written by Jim Percy) in M. Bishop, Forward Ever Three Years of the Grenadian Revolution, (Pathfinder Press, Sydney, 1982), pp21-22.

Chapter Four

CONSTRUCTING THE NEW SOCIETY: THE NEW JEWEL MOVEMENT AND THE THEORY OF NON-CAPITALIST DEVELOPMENT

The 1973 Manifesto

From as early as 1973 the New Jewel Movement set out a clear statement of what they considered to be the principal socio-economic problems plaguing the Grenadian economy and society. The document also embodied insights into the causes of these problems and, on this basis, went on to outline a wide-ranging set of policy-proposals for combatting them. Among the problems identified were:

- (i) A chronic maldistribution of income and means of production.
- (ii) Mass unemployment and underemployment.
- (iii) High and rising cost of living.
- (iv) A very poor (and in some cases inappropriate) standard of housing, clothing, education, health, food, recreational facilities and general infrastructure (particularly production-related infrastructure).
- (v) Irrationalities in the utilization of resources (e.g. underutilization of land in the face of severe 'land hunger') and lack of complementarity

between the various sectors of the economy.

- (vi) Excessive dependence on a small number of countries for markets, capital, technology, aid, ideas, and even for goods and services which the country is more than capable of producing for itself.
- (vii) Foreign ownership (and domination) of critical sectors of the economy (banking, insurance, and tourism).
- (viii) A low level of motivation towards work, severe political apathy, and a backward patronage-ridden political system which engenders a get-something-for-nothing mentality.

Doubtless drawing from the insights provided by the New World Group the New Jewel Movement attributed these problems to colonial domination, neo-colonialism, and the policies (and practices) pursued by Grenada's traditional political parties. At best the physical size of the country was considered secondary. As the Prime Minister of the revolutionary government later put it:

'The real problem is not the question of smallness per se, but (that) of imperialism. The real problem that small countries like ours face is that on a day-by-day basis we come up against an international system that is organised and geared towards ensuring the continuing exploitation, domination, and rape of our economies, our countries, and our peoples. That, to us, is the fundamental problem'.¹

Far-reaching structural and institutional changes at the national, regional,

and international level were thus called for.

In the spirit of the 'Thomas Strategy' (discussed earlier) the Manifesto articulated an economic programme which was predicated, first and foremost, on the resource endowment of the country. Thus, to provide more houses the party advocated the establishment of a National low-cost Housing Plan which would utilize (as much as possible) indigenous materials such as wood, high-quality clay (instead of imported bricks), and river sand. Similarly, to improve the problem of insufficient and inappropriate clothing they called for a revitalization of the cotton industry in Carriacou to supply the raw material requirements for a textile and garment industry.²

The Manifesto identified four sectors for catalysing development, viz, (i) agriculture, (ii) fisheries, (iii) Agro-industries, and (iv) a 'New Tourism'. It was recognised that each sector required fundamental transformation in order to generate the maximum possible benefits to the society. For instance, in agriculture, land (particularly idle land) would have to be radically redistributed into co-operative farms of at least 40-50 acres in size.³

The programme stressed the promotion of linkages (backward and forward) between the various sectors of the economy. As an example of what was possible once the structural contradictions in the economy are eliminated, an impressive list of products (producible from Grenadian raw materials) was compiled. These included:

- (i) jams, nutmeg oil, jellies, liqueurs, marmalade, juices, spice powder, pharmaceuticals, and preserves from nutmegs;
- (ii) flour, baby foods, cereals, and farine from cassava;
- (iii) animal feeds, baby foods, flour, chips, and cake-mixers

from bananas;

(iv) ice-cream, confectionery products and chocolate beverages

from cocoa;

(v) oil, animal feeds, and plastics from cotton;

(vi) fruit-juices, nectars, liqueurs, and wine from Grenada's

abundant supply of fresh fruits.⁴

Apart from product diversification the Manifesto underlined the international re-orientation of the Grenadian economy. This did not mean terminating Grenada's traditional international relations. Rather, it meant forging new relations in addition to existing relations. This would provide them with more sources for marketing their products. It would also allow them to buy their imports in the cheapest market. Not that dependency would be lessened in the short run but at least it would be diversified. The Manifesto also committed itself firmly to regional integratin. Indeed, it made a case for countries in the region to co-operate to get as much benefits as possible from the international order. Developing their own shipping lines, for instance, was necessary for marketing goods more cheaply and retaining profits in the region.⁵

Much emphasis was placed on a 'real and genuine integration' in the same way that independence should not be just about the introduction of a whole panoply of national paraphernalia - flags, anthems, and the like. Genuine integration means integrating the islands 'under ownership and control of the people' not 'to make it easier for foreign companies to exploit us'.⁶ In matters of trade, investment, and other 'development-related' affairs the region should seek to solve their problems from 'within'. After all internal possibilities are exhausted, then and only then, should they look to outside sources. If the latter is sought 'only as a last resort for

goods that we cannot get anywhere else will we buy from the imperialist countries like North America and Europe who are rich enough already from exploiting us for too long'.⁷ Lastly, in this regard, the Manifesto called for an abolition of all impediments to regional travel - passports, airport and ticket taxes, travel permits, etc.

A number of complementary institutional changes were also proposed. Since it was contended that foreign entrepreneurs were notorious for reinforcing the structural underdevelopment of the economy the party promised to undertake a wholesale nationalization of those sectors of the economy under foreign control. Banking was their prime target.

'The new banks would be controlled and directed by a Central Bank. Once of the main functions of this Central Bank will be to make sure that the loans available in these banks are provided for housing, small farmers, fishermen, co-operatives, the setting up of agro-industries, and the expansion of the new tourist industry'.⁸

They also promised to establish a National Importing Board and a National Exporting Board empowered with the exclusive responsibility of handling Grenada's import and export trade. The former will be a non-profit making body, thereby assuring consumers of imported goods at fair prices. To enhance the material well-being of Grenadians a Wages and Prices Board was also proposed 'to make sure that people's wages will rise whenever costs rise and to impose price controls on imported items. Legislation will be passed to guarantee minimum wages for different categories of workers'.⁹

Great emphasis was placed on planning institutions (in both the social and economic spheres of the economy) and the improvement and extension of the

country's physical infrastructure. In the area of roads and transport the following problems were identified: (i) poor and inadequate roads, (ii) no properly organised service to satisfy the requirements of the people, (iii) uneconomical vehicles and operations, (iv) unaffordable fares to poor local passengers, and (v) high cost of petrol and spare parts for vehicles.¹⁰

Among the proposals for alleviating these problems were the establishment of a Co-operative Bus Service and the opening of new agricultural feeder roads.

With respect to harbours and (what was to become a very thorny issue between Grenada and Washington) the airport, the Manifesto called for a modest upgrading of existing facilities. To quote:

'What is desperately needed now is not an International Airport but ownership of LIAT or some other regional airline by the Governments of the region, including Grenada, so that we could regulate efficiently flight schedules and the cost of flights'.¹¹

To finance these people-oriented programmes a number of sources (internal and external) were identified. Among these were (i) revenue derived from taxation, (ii) government revenues from the profits of banks, insurance companies, and hotels, (iii) finance raised from the local private sector, (iv) commercial loans from foreign sources (to be repaid from profits generated from the use of such loans), (v) loans from regional and international financial institutions, especially the Caribbean Development Bank, (vi) 'untied' aid from fraternal countries, (vii) profits from the various sectors of the economy (these should be re-invested in the same sectors [ie agriculture, fishing, agro-industries and tourism] so that they can go on to generate even greater profits), (viii) finance raised from organizations

such as Credit Unions, Friendly Societies, and Co-operative Associations (eg the Nutmeg Co-operative Association), and (ix) savings derived from operating more efficient organizations, especially in the realm of political administration.¹²

In the political arena the Manifesto embodied a set of political institutions (and practices) which were regarded as a sine qua non to the sort of transformation envisaged. Like just about all the institutions bequeathed to Grenada members of the New Jewel Movement were scathing in their criticism of the Westminster system of democracy which was operative in the island. The arguments put forward were powerful and almost irrefutable.

'Firstly, parties divide the people into warring camps. Secondly, the system places power into the hands of a small ruling clique. That clique victimises and terrorises members of the other party. Thirdly, the ruling elite seizes control of all avenues of public information, for example, the radio station, and use them for its own ends. Finally, and most importantly, it fails to involve the people except for a few seconds once in every five years when they make an "X" on a ballot paper'.¹³

In place of this divisive apparatus the New Jewel party proposed a system of 'People's Assemblies'. The People's Assemblies will include four sub-assemblies, viz: (i) Village Assemblies, (ii) Parish Assemblies, (iii) Workers' Assemblies, and (iv) a National Assembly.¹⁴ Members of the Village Assembly will be drawn from those who are eighteen years old and

over. This Assembly will meet once a month to identify and discuss the problems facing the village. It will then elect its own Council to implement its decisions. It will also have the power to change the council (or particular members of it) as and when it deems fit. Members of the Parish Assembly will be made up of representatives from the parish. Each Village Assembly will be responsible for sending two delegates to the Parish Assembly to articulate their views. The decisions reached for the parish as a whole will be implemented by the Parish Council (which, of course, is elected by the Parish Assembly). The organization of the Workers' Assemblies will be similar to the Village Assemblies. They will be comprised of all categories of workers and even students. This organization was expected to end the exploitation which workers were experiencing in the existing system since 'for the first time the control and direction of their own lives will be in the hands of the workers themselves rather than in the hands of corrupt politicians whose only interests are in lining their pockets and riding on the backs of the labouring masses to keep political power'.¹⁵

Lastly, the National Assembly will comprise the Government of the island. Its members will be made up of one representative from each village and Workers' Assembly. Like the Village Assembly and Parish Assembly it will elect a Council to implement all the decisions taken. Council members will sit on committees which will head government departments. By changing its representatives on the various councils the people can influence the character and functioning of the government. With this structure they do not have to wait for every five years to change the government. Peoples Assemblies, in the words of the Manifesto, 'will involve all the people all the time'.¹⁶

Before the stage where these Assemblies are put into effect the New Jewel Movement envisaged an initial phase of 'provisional' or 'in-between' government. Its function will be to begin, promote, and encourage the process of People's Assemblies. The exact membership of this government cannot be determined a priori. However, as a general guide, the Manifesto noted that it 'will be made up of all major groups, without regard to favour - GULP, GNP, Jewel, alike. Ability, dedication, and patriotism will be the standards'.¹⁷

As a blue-print, the superiority of this structure of government over the Westminster model is unquestionable. Not only does it involve the people in the administration of the economic and political life of the country on an ongoing basis but, by so doing, it also harnesses the energies of the people for promoting the task of national development. The importance of this 'political unity' for combatting the debilitating problems of poverty in this Lilliputian state needs no emphasis. Indeed, the limitations of the Westminster model in small societies like Grenada were articulated (albeit 'unconsciously') by no less a person than the leader of Grenada National Party:

'The G.U.L.P. is bent on destruction of our economy, our God-given rights, our hopes and our aspirations. The people are not consulted at any time, they ride rough-shod over us. We Build, they Destroy, we Rebuild'.¹⁸

The 1973 Manifesto also pledged support for the liberation struggles which are being waged in countries such as South Africa, South West Africa, Rhodesia, Mozambique, Angola, and Guinea-Bissau. It also condemned all forms of racism and intervention of other countries in the internal affairs

of other states.

Being sensitive to the likely opposition which its programmes would encounter the party was careful to avoid ascribing a political label to the type of society that was advocated. However, there were reasonably clear hints in the Manifesto.¹⁹

'To create the new life for the new man in the society, it is necessary that we reject the present economic and political system which we live under. More than this, we need to construct an entirely new system of values where the lust for money, power, and individual selfish gain are no longer the motivating factors. The creation of this new man demands the transformation of the minds and hearts of each and every one of us'.²⁰

Indeed, on international affairs they affirmed 'we stand firmly committed to a nationalist, anti-imperialist, anti-colonialist position'.²¹

Sources close to the party²² confirm that socialism was uppermost in their minds from the very outset. What was unclear, to the cadres, however, was the tactics and strategies to adopt in their endeavour. 'The Movement', Jacobs and Jacobs write, 'did not fit the pro-capitalist mould of either the GNP or the GULP. Indeed, the party emerged as a non-capitalist one, displaying certain selected scientific socialist tendencies, especially in the area of democratic centralism'.²³ In discussing the reason why the party adopted a 'non-capitalist' path as opposed to a more radical course the authors cited the following factors: (i) the middle class background of the cadres who were at the forefront of the party, (ii) the class configuration

of the Grenadian society and the level of their political and cultural awareness, and (iii) the underdeveloped state of the island's productive forces.²⁴ Given these objective circumstances Jacobs and Jacobs penned 'To adopt an overtly Marxist-Leninist path in such circumstances is to court alienation and take a deliberately long route to national liberation'.²⁵

The authors went on to point out that the drive towards firm Marxist-Leninist principles of party building and organization was not contemplated until after the 'independence sell-out' of 1974 when Gairy's party was restored to power despite the intensive campaign of the New Jewel Movement to prevent this occurrence.²⁶ As Bishop subsequently put it:

'Mistakes were made, a deep class approach was not taken, no attempt was made to build a Leninist party, there was an over-reliance on spontaneity and the possibilities of crowd politics this was ultra-leftism in action the major weakness of this period was the subjective factor, the fact that a Leninist approach to party building and to strategy and tactics were not adopted, and this is notwithstanding the notable achievements of the period, including the publication of our manifesto. After the defeat in January 1974 the Party held its first major evaluation in April 1974, we were then exactly one year and one month old. We spent a few days, a whole week-end, looking at the Party and trying to decide where we

went wrong and what corrective action was needed. That is when we decided in theory and principle that we should build a Leninist Party'.²⁷

Bernard Coard became the leading Marxist theoretician in the party. For him and others in the New Jewel Movement the theory of 'non-capitalist development' held the key to Grenada's future. Members who were unclear about the deeper subtleties of the theory (or those who were unconvinced of its applicability to Grenadian conditions) were to receive constant and patient lectures from Coard. His experience as a university lecturer made him eminently suitable for the task. Below we outline and discuss the tenets of this theory.

The Theory of Non-Capitalist Development

Introduction

Proponents of this path never fail to highlight the achievements of what they hail the Great October Socialist Revolution in the Soviet Union. Against incredible odds at home and abroad the USSR was able to transform the material basis of its society in just a matter of decades. The impressive performance achieved in the sphere of industrial production as recorded by both Soviet and Western economists was without historical precedent.²⁸ The 1917 revolution thus signifies a practical and viable alternative to capitalism as a socio-economic and political system.

But attractive as the Soviet experience may be it does not mean that countries which deem capitalism and imperialism as the obstacle to their development can mechanically reproduce the Soviet model in both form and content. Of necessity they must pay close attention to their specific social, economic, political and geo-political circumstances, and draw from this experience creatively. Lenin's remark in this regard is instructive:

'To seek out, investigate, predict, and grasp that which is naturally specific and nationally distinctive, in the concrete manner in which each country should tackle a single international task ... such is the basic task in the historical period that all the advanced countries (and not they alone) are going through'.²⁹

The pioneers of Marxism - Marx and Engels - had long realized that in order to establish socialism in certain historical circumstances and material conditions certain transitional steps and stages are necessary. The theory of non-capitalist development or 'socialist-orientation' is offered as one of the many possibilities (usually portrayed as the most appropriate) for reaching the ultimate stage of scientific socialism in present-day peripheral social formations.

The theory is believed to have originated in the writings of Marx, Engels and, particularly, Lenin. However, it was left to certain Soviet theoreticians, most notably Ulyanovsky (1974), Solodovnikov and Bogoslovsky (1975) and Andreyev (1977), to develop this approach during the 1960s. In formulating this theory its proponents took the conditions prevailing in the newly-liberated countries in Africa and, to a lesser extent, Asia, as their cue. Little or no reference was made to the countries of Latin America -

not to mention the Caribbean.

However, its essence was subsequently adopted for the Caribbean in the famous Declaration of Havana document which came out of the Conference of Communist and Workers' Parties of Latin America and the Caribbean held in June 1975.³⁰ Since then the theory has become official dogma for the proliferation of radical political movements and parties extant in the region, particularly the New Jewel party which was the most advanced ideologically and organizationally by this time.³¹

The 'Triumvirate' of Marxism-Leninism and Non-Capitalist Development

The theorists of the non-capitalist path regard it as 'an integral part of Marxism-Leninism'.³² This view stands in sharp contrast to that espoused by those critics who reduce the writings of Marx and Engels to a crude unilinear schema. According to this simplistic model each society must mechanically and chronologically pass through the successive stages of primitive communalism, slavery, feudalism, capitalism, and socialism. But this sort of caricature does not do justice to the writings of the pioneers of Marxism.

Those who regard Marx as a mere unilinearist must bear in mind the sophistication of his methodology and his view of history.

'History moves often in leaps and bounds and in a zigzag line, and as this would have to be followed throughout it would mean not only that a considerable amount of material of

slight importance would have to be included, but also that the train of thought would frequently have to be interrupted ... The logical method of approach was therefore the only suitable one. This, however, is indeed nothing but the historical method, only stripped of the historical form and chance occurrences. The point where this history begins must also be the starting point of the train of thought, and its further progress will simply be the reflection, in abstract and theoretically consistent form, of the historical course. Though the reflection is corrected, it is corrected in accordance with laws provided by the actual historical course, since each factor can be examined at the stage of development where it reaches its full maturity, its classical form ... With this method the logical exposition need by no means be confined to the purely abstract sphere. On the contrary, it requires historical illustration and contact with reality. A great variety of such evidence is therefore inserted, comprising references both to different stages in the actual historical course of social development and to economic works, in which the working-out of lucid definitions of economic relations is traced from the outset'.³³

This method was cognizant of the complexity of the historical process throughout time and space. It did not claim that all societies necessarily had to tread this path of historical development. As marx pointed out:

'History does nothing, it possesses no immense wealth, [it] wages no battles. It is man, real living man that does all that, that possesses and fights, 'history' is not a person apart, using man as a means for its own particular aims, history is nothing but the activity of man pursuing his aims'.³⁴

Viewed in this manner the range of possibilities emanating from man's actions is almost limitless. Marx's suggestive treatment of the Asiatic mode of production, for instance, testifies to the extent to which he made allowance for alternative courses of development to the Western Europe trajectory.³⁵ More significantly, for the purpose of the ensuing discussion, Marx and Engels realized that under certain historical circumstances it was even possible for a society to by-pass a stage or even stages in 'development'. History abounds with examples of this type of development. But for a society to 'miss' a stage Solodovnikov and Bogoslovsky argue that the following important pre-requisite must be satisfied:

'it was necessary that the formation which was to be by-passed in one or another country had exhausted its progressive possibilities from the standpoint of worlds social development and that a higher social system was already in existence in the world'.³⁶

This argument is premised on Engel's early observation that:

'...it is not only possible but inescapable that once the proletariat wins out and the means of production pass into common ownership among the West European nations, the countries which have just managed to make a start on capitalist production, and where tribal institutions or relics of them are still intact, will be able to use these relics of communal ownership and the corresponding popular customs as a powerful means of considerably shortening their advance to socialist society and largely sparing themselves the sufferings and the struggles through which we in Western Europe have to make our way ... And this applies not only to Russia but to all countries at the pre-capitalist stage of development'.³⁷

These ideas and insights - vague and abstract as they may appear - were brilliant for their time. It would be absurd to expect Marx and Engels to detail every single nuance of the non-capitalist way given the limited evidence which prevailed during their lifetime. They did not live long enough to witness the birth of the world's first socialist state which took place in Russia in 1917. Neither did they have much practical insights into the structural changes which capitalism experienced towards the turn of the 19th century - a phenomenon which Lenin termed 'Imperialism - the highest stage of capitalism'. Armed with these new historical developments Lenin was able to provide further systematic theoretical elaborations on the

thesis of the non-capitalist route.

At the Second Congress of the Communist International in 1920 he declared unequivocally that it was possible for economically backward nations to bypass or significantly interrupt capitalist development in their quest for socialism. The importance of this theoretical principle to the current debate warrants its full quotation:

'The question was posed as follows: Are we to consider as correct the assertion that the capitalist stage of economic development is inevitable for backward nations now on the road to emancipation and among whom a certain advance towards progress is to be seen since the war? We replied in the negative. If the victorious revolutionary proletariat conducts systematic propaganda among them, and the Soviet Government came to their aid with all the means at their disposal - in that event it will be mistaken to assume that the backward people must inevitably go through the capitalist stage of development. Not only should we create independent contingents of fighters and party organizations in the colonies and the backward countries, not only at once launch propaganda for the organization of peasants' soviets and strive to adapt them to the pre-capitalist conditions, but the communist international should advance

the proposition, with the appropriate theoretical grounding, that with the aid of the proletariat in the advanced countries, backward countries can go over to the Soviet system and, through certain stages of development, to communism, without having to pass through the capitalist stage'.³⁸

This celebrated remark underlines three critical factors for the successful treading of the non-capitalist road, viz:

- (1) adequate aid from the proletariat in the advanced countries and the Soviet Government.
- (2) organization of peasants' soviets which must be appropriate for the productive forces and the corresponding social relations. These organizations should be placed under the hegemony of the peasants and, we may add, workers.
- (3) further development of theory to inform the struggle for socialism. In other words, creative innovations must be made to the classical theory of scientific socialism to reflect both the internal and external milieus in which the process of change is launched.

The fact that after Lenin's death history unfolded in a way significantly different from his prognosis bring into question not so much the relevance but the feasibility of a non-capitalist strategy in backward, underdeveloped societies. Notable among these developments is the 'yet to be materialized' proletarian revolution in the developed West which he believed was imminent. On the contrary, revolutions in the name of Socialism have become something more of a 'Third World' phenomenon. This scenario poses innumerable

problems for the question of 'appropriate theoretical grounding'. Below we examine critically the way Lenin's disciples have responded to this challenge.

The Post-Lenin Contribution

Since the 1920 Comintern Congress the concept of non-capitalist development has attracted discussion in several forums, especially during the 1960s when the de-colonization process was in full swing. The following are worthy of note:

- (1) November 1960, Meeting of Communist and Workers' Parties, held in Moscow.
- (2) May 1969, Conference convened by the British Communist Party.
- (3) October 1969, international symposium in Alma Ata.
- (4) August 1971, international seminar held in Frunze.
- (5) September 1971, international Conference of African Socialists in Varma (Bulgaria).

The 1960 meeting was particularly significant. Notwithstanding the objective constraints posed by the economic and social structures of the newly, or about to be, independent societies, delegates concluded unanimously that socialism was the only system which could cure the ills of these nations and put them on the road to genuine economic and social development. As the Declaration candidly put it:

'After winning political independence the people seek solutions to the social problems

raised by life and to the problems of reinforcing national independence. Different classes and parties offer different solutions. Which course of development to choose is the internal affair of the peoples themselves. As social contradictions grow the national bourgeoisie inclines more and more to compromising with domestic reaction and imperialism. The people, however, begin to see that the best way to abolish age-long backwardness and improve their living standard is that of non-capitalist development. Only thus can the peoples free themselves from exploitation, poverty and hunger. The working class and the broad peasant masses will play the leading part in solving this basic social problem'. 39

For modern proponents of the non-capitalist route Lenin's theoretical conclusions hold a fortiori during the present period. The experience of the Central Asian republics of the Soviet Union and the Mongolian People's Republic is often cited as examples par excellence of pre-capitalist or semi-feudal societies which have successfully interrupted capitalist development in their march to socialism. In more recent times many social formations in Asia and, particularly, Africa are regarded as outstanding examples of non-capitalist development - or 'socialist-orientation' - to use the new term in vogue. 40

The Characteristics and Tasks of Non-Capitalist Development

The first thing that countries which embark on this path need to realize is that it involves gradual and systematic changes in all spheres of the society with due regard to its concrete specifications. In Lenin's own words the non-capitalist road is 'a slower, more cautious and more systematic transition to socialism'.⁴¹

The process begins with the success of the national liberation revolution and the creation of a revolutionary-democratic state. As the name implies the state is under the hegemony of revolutionary democrats or elements of "progressive" petty-bourgeoisie - usually drawn from the intelligentsia. However, this class is also aligned to the oppressed layers in the society (typically regarded as workers, semi-proletarians and peasants) and even certain sections of the national bourgeoisie. As Ulyanovsky put it:

'At this particular stage the national democrats upholding the non-capitalist path of development are coming to grips with tasks of an anti-feudal, anti-imperialist nature, i.e. general democratic tasks the implementation of which is also in the interests of a certain section of the national bourgeoisie'.⁴²

It is significant that this particular remark makes no reference to anti-capitalist tasks per se. This may be interpreted as a recognition of the strategic importance of the domestic capitalist class in helping to create the material basis for launching a socialist transformation in the long run.

A crucial determinant of success along this path is the extent to which the national revolutionary democrats (despite their overwhelming petty-bourgeois

origin and character) assimilate the fundamental tenets of Marxism-Leninism. Although many would question the revolutionary potential of this class, the proponents of non-capitalist development are confident that the revolutionary democrats possess the capacity for achieving the mission of eventual socialist construction.

'They do not follow Marxist-Leninist ideology in its entirety even though they have borrowed much from it and have learned much. Most important of all, many of them show, under the impact of historical development, a willingness to learn, to continue drawing nearer to scientific socialism'.⁴³

Unfortunately, no theoretical and/or empirical evidence is provided to support this contentious claim.

The notion of non-capitalist development recognises that the objective and subjective economic, social, political and cultural conditions which are indispensable to the construction of socialism are not present in these societies. Not only are their productive forces undeveloped/deformed but their social structures are dominated numerically by various semi-feudal elements. In the case of many African and Asian societies it has been estimated that peasants and the urban petty-bourgeoisie comprise some 80-90 per cent of the population.⁴⁴

These objective constraints warrant a transitional stage which may last for 'a whole historical epoch'. During this phase (i.e. non-capitalist) the national democratic state proceeds to lay the socio-economic basis for effecting a socialist revolution. In this very crucial sense the non-capitalist road may best be regarded as

'a form of approach and ultimately of transition to socialism, the connecting link between national liberation revolution and socialist revolution'.⁴⁵

Success along this path requires the consistent and resolute pursuance of the following programme:

- (1) The granting of democratic rights and freedom to the peoples (especially freedom of speech, press, to become members of trade union organizations, to establish political parties and to participate in government policy). In brief, all aspects of social life should be democratised. This implies that authoritarian forms of government must be rejected.
- (2) Improve the social and material well-being of the popular masses, particularly in the areas of health and education.
- (3) Carry out agrarian reforms, including the abandonment of exploitative social relations, establishment of co-operatives and allocation of land of the peasants.
- (4) Create a mixed economy in which the state sector becomes increasingly dominant. This calls for the 'limiting' and control over the activities of the private sector, particularly foreign corporations. This control may be obtained by nationalization measures and comprehensive economic planning.
- (5) Abolition of all foreign military bases.
- (6) Pursue a foreign policy which reflects a firm and unconditional

anti-imperialist stance. This requires the fostering of intimate relations with socialist states.

- (7) Fight against all forms of oppression - nationally and internationally (e.g. support and solidarity for those who are struggling against apartheid in South Africa).

Recipe for Success or Failure? An Evaluation

The theoretical formulation of the non-capitalist way is vague, unclear and seemingly unaware of many of the critical issues which the objective and subjective constraints in peripheral social formations pose for the operationalization of a non-capitalist development strategy. Whereas its main propositions reflect what policies should be pursued, and why they should be pursued, the proponents of non-capitalist development do not provide a concrete analysis about how to overcome the obstacles which are likely to bedevil the implementation of the programme.

To be fair to them they do not pretend that socialist construction in under-developed societies is an easy task. This recognition, more than anything else, explains why non-capitalist theorists have always been at pains to emphasize the need for 'gradualism' and caution as opposed to hasty, across-the-board transformations. The following remark from Solodovnikov exemplifies the sort of care which must be exercised:

'Over-industrialization, unprepared enrolling of peasants into co-operative societies, ill-

prepared nationalizations of foreign property,
may lead to a failure instead of success'.⁴⁶

Variations in the historical circumstances which confront different countries make it impossible and grossly unscientific to attach a time dimension to the phase of non-capitalist development. The process may be 'short' or it may be 'long' and protracted. It may even differ in forms⁴⁷. This means we should guard against pinning pejorative labels (such as state capitalism) to these regimes without a careful and systematic examination of the complex process at work and the considerable odds which they have to battle against. Discussion must proceed on the basis of the dialectical relationship between the means and the ends in view

The Question of Class Struggle

Above all, success or failure along this path will depend on the resolution of the class struggle, externally and internally. Countries following a non-capitalist approach to social change find themselves in the precarious situation where objective circumstances oblige them, in certain cases, to court and woo foreign and local capital, in pretty much the same way as countries which are unequivocally pro-capitalist.

Experience has confirmed, and continues to confirm, the brilliance of Lenin's important foresight about the need for socialist countries to provide assistance to 'non-capitalist' countries on a massive scale. The impoverished state of the economies they inherited after the end of formal colonialism and their close and intricate incorporation in the capitalist

world economy make this aid imperative. Yet, with the possible exception of the U.S.S.R., the socialist countries themselves are also constrained by material and (skilled) human resources to carry out their projects. This means, contrary to their good intentions, they find it impossible to provide aid on the scale envisaged by Lenin to countries treading the difficult path of socialist-orientation. By default, therefore, these countries find themselves embedded in the imperialist camp - competing for technology, capital goods, investment capital, markets and all forms of aid.

There can be no doubt that this chronic dependence has far-reaching implications for the autonomy of the state. The more dependent the state is on the forces of international capitalism then the more likely it is to become an instrument of those forces. The autonomy of the state can be so reduced to the extent that foreign classes can literally dictate the policies of the government.⁴⁸ The role of the International Monetary Fund in the destabilization of the Manley regime in Jamaica is a fairly recent case in point. Studies abound on both overt and covert intervention of particular imperialist powers in the domestic affairs of dependent economies, especially when the policies or posture of the latter threaten the interests of the former. Pearce's study provides the following alarming list of U.S. intervention in Central American states between 1898 and 1979 (Table 4:1).

Table 4:1 - Major U.S. Interventions in Central America (1898-1979)

1898-1902	U.S. troops occupy Cuba
1901	U.S. 'acquires' Puerto Rico
1905	U.S. Marines land in Honduras
1906-1909	U.S. troops reoccupy Cuba

1908	U.S. troops sent to Panama
1912-1933	U.S. Marines occupy Nicaragua
1914-1934	U.S. Marines occupy Haiti
1916-1924	U.S. Marines occupy Dominican Republic
1917-23	U.S. Marines occupy Cuba
1932	U.S. warships sent to El Salvador
1954	C.I.A. backed invasion of Guatemala
1961	C.I.A. backed invasion of Cuba (Bay of Pigs)
1965	U.S. Marines invade Dominican Republic
1979	U.S. 'military advisers' in El Salvador

Source: J. Pearce, Under the Eagle, (Latin America Bureau, London, 1981), pp.6-7.

This scenario does not necessarily mean that efforts of peripheral economies to find room for manoeuvre against imperialism is always doomed. The harsh realities, especially during the early phases of the struggle, may dictate compromising courses or alliances with foreign capitalists. This may be regarded as part and parcel of the logic of the class struggle - not necessarily a departure from the principles of the transition.

In recognition of this objective need for political compromises Lenin writes:

'the entire history of Bolshevism both before and after the October revolution is full of instances of changes of tack, conciliatory tactics, and compromise with other parties, including bourgeois parties. To carry on a war for the overthrow of the international

bourgeoisie, a war which is a hundred times more difficult, protracted and complex than the most stubborn or ordinary wars between states, and to renounce in advance any change of tack, or any utilization of a conflict of interests (even temporary) among one's enemies, or any conciliation or compromise with possible allies (even if they are temporary, unstable, vacillating or conditional allies) - is that not ridiculous in the extreme? Is it not like making a difficult ascent of an unexplained and hitherto inaccessible mountain, and refusing in advance even to move in zig-zags, ever to retrace one's steps, or even to abandon a course once selected, and to try others?⁴⁹

Experience has also shown that a government's ability to 'negotiate' with foreign corporations may be limited by its anti-imperialist rhetoric and increasing pro-socialist pronouncements. Almost invariably this type of attitude arouses undue hostility to its socialist aims. The shrewd leader is the one who constantly assesses the concrete conditions of his society and directs the pace of change in accordance with these realities. At times this may mean having one foot in the western camp and the other in the socialist camp. Aristotle's famous dictum ('politics is the art of the possible') becomes particularly important. The whole idea is to maintain a state of equilibrium on the tightrope he or she is treading.

The class struggle is further compounded by the behaviour of the indigenous

capitalist class. Excessive dependence on the technical expertise and capital of this class can also prove to be counter-productive. There is no guarantee that they will provide the degree of co-operation which the process requires. If they perceive that their interests are threatened by the 'socialist' posture of the state then they are likely to respond with resistance. This may take a variety of forms ranging from reductions in the rate of investment to outright capital flight. In circumstances where the popular masses are not properly mobilized the political repercussions of this offensive may thwart the entire process. On the other hand it may not be too difficult to negotiate an accommodation with this class. Writings on the Third World state reveal that local capitalists are very dependent on the state for a whole range of services - infrastructure, security services, subsidies, management of external affairs (including protection against competition from foreign capital). Briefly put, any policy which enhances accumulation and realization of capital is welcome. Once more the provision of these functions does not mean the state is simply and crudely a 'weapon' of this class.⁵⁰

But given that we have worked out an accommodation with domestic and foreign capitalists (note the theory of non-capitalist development provides no concrete insights as to how this 'happy' medium can be obtained) it is difficult to see how we can advance further along the delicate path of non-capitalist development without intensifying the class struggle to the point where we either fall from the tight-rope or triumph over reactionary classes. The current evidence gleaned from countries on this path is increasingly pointing in the direction of the former. That is to say, countries find themselves in the uncomfortable position where they are obliged to grant more and more concessions to the private sector, especially the local bourgeoisie. This observation has led many analysts to be

sceptical of the very notion of non-capitalist development, let alone its practicality in the present era.

As one of the victims of an aborted attempt at "non-capitalist development" put it:

'A "non-capitalist road", pursued by a "united front of progressive forces", as some suggest, is not even practical politics in contemporary Africa... Either it must remain under imperialist domination via capitalism and neo-colonialism, or it must pursue a socialist path by adopting the principles of scientific socialism. It is unrealistic to assert that because industrialization is in its infancy, and a strong proletariat is only beginning to emerge, that it is not possible to establish a socialist state. History has shown how a relatively small proletariat, if it is well organized and led, can awaken the peasantry and trigger off socialist revolution. In a neo-colonial situation, there is no half-way to socialism. Only politics of all-out socialism can end capitalist-imperialist exploitation'.⁵¹

This remark, though said with remarkable hindsight and deserving of sympathy, is, however, no less utopian than the non-capitalist way. It tends to equate the equalization of poverty and misery with socialism. It also rejects the role of class struggle in the process of societal change.

Analysts writing on Tanzania's experience, since the Arusha Declaration, have also cast doubts on whether the policies that the government is pursuing can be regarded as 'non-capitalist' instead of heightening the subordination of the country to unbridled exploitation from the foreign and local capitalist classes.⁵²

Political Democracy and Civil Rights

Much of the criticisms of the non-capitalist road hinge on the commonly observed tendencies of these states to practice dictatorial and despotic methods of government - contrary to the theoretical recommendations of Ulyanovsky et al. Despite their numerical dominance workers and peasants are often excluded from active independent participation in the socio-political life of the country. Trade unions are made subordinate to the state as strikes are not generally regarded as part of the class struggle. Workers are urged to work assiduously in the interest of the state - portrayed as 'their' state. The right to form political parties and other social organizations to foster their interests is blatantly violated. In sum, disaffection of the masses is commonly greeted with persecution and increasingly repressive measures.

Thomas' critical remarks on this issue cannot be over-emphasized. He dismisses categorically the widely held misconceptions in these regimes that 'political democracy is a bourgeois illusion based on so-called bourgeois freedom' - on the grounds that these so-called bourgeois freedoms were 'won on the basis of mass struggle - [and] not the product of bourgeois, colonialist, or imperialist generosity'.⁵³ Thomas sums up:

'political democracy and civil rights therefore cannot be put to stand counter-posed to socialism or to non-capitalist development. Any such argument or line of thinking is fundamentally anti-Marxist. Rationalizations of the need to curb freedom in order to further so-called progress have no place in the building of a socialist society. On the contrary, socialist theory advances two fundamental arguments in direct opposition to this view. In the first instance, socialist theory argues that the weakness of freedom and political democracy, as it has developed in these societies, is not that it is too much, and therefore should be curtailed, but that it is in fact too little'.⁵⁴

That is why it is so important for workers and peasants to be socialized to wield political power, control the means of production and participate in all aspects of the development process. Unless the class struggle is resolved in such a way that the national democratic state comes under the firm hegemony and direction of the toiling masses there can be no advance to the higher social order of socialist development. Even the staunchest protagonists of the non-capitalist way recognise the historical tendency of the petty bourgeoisie to vacillate, especially under circumstances where they have to make crucial choices between hastening and slowing down the pace of change as objective circumstances dictate:

'Vacillation, change of heart and fence sitting as between the workers and peasants and the bourgeoisie are the mark of the petty bourgeois intellectual'.⁵⁵

Moreover the arming of the emergent working class and peasants with power is necessary to wage a successful struggle against the internal and external forces which are hostile to the advancement of the socialist cause. Experience reveals that socialism, or socialist transition, cannot be crudely equated with a strong public sector (serving essentially the interests of the minorities), or with more nationalization or even a mere anti-feudal or anti-imperialist posture. We may note, additionally, that the emphasis on agrarian reforms does not necessarily mean that socialist relations will be nurtured. On the contrary:

'Even the redistribution of the whole of the land in favour of the peasants and in accordance with their desires will not destroy capitalism at all but will....give an impetus to its development'.⁵⁶

This insight from Lenin has special significance for Caribbean economies where the petty bourgeois mentality is so deeply ingrained in the psyche of large segments of the population. This stems from the historical experience of these societies - particularly the way the ex-slaves adjusted economically to emancipation after 1838. In the case of Grenada we have already emphasised the significance of land (however small and marginal in quality) to the peasants and 'agro-proletariats'. Patrick Emmanuel (1983) has spelt out in direct terms the implications of this reality for the success of non-capitalist development. The central problem, in Emmanuel's words, is:

'the peasantry was born out of proletariat conditions, and not the other way around....

The very substance of emancipation was enjoyed for the first time in the form of the mass experience of control over land. This almost uniquely Caribbean sociology of property produced, over a long period of time, a peasant state of mind or outlook, which is unreceptive to socialist conceptions of collectivization'.⁵⁷

Emmanuel also made some pertinent remarks on the revolutionary potential of the petit bourgeoisie which is placed at the helm of the alliance. Not only do they have a historical tendency to vacillate between class interests (as Thomas, Ulyanovsky, and others have pointed out) but 'petty bourgeois radicals can outdo themselves with new kinds of infantile disorders on the far left' in their overwhelming enthusiasm 'to pass the stern Soviet tests of ideological development'.⁵⁸ In a later section he further noted 'The fact that party cadres have to be built after, rather than before, revolutionary takeovers can seriously compound this tendency'.⁵⁹

Apart from the absence of a collectivist tradition in the Caribbean (unlike in Africa and Asian societies) and the reservations about the leadership potential of the petty bourgeois radicals there is also the absence of an authoritarian tradition in the Anglophone Caribbean. As one source puts it:

'History clearly shows that left revolutionary movements cannot succeed in the context of political democracies and that maximalist

attempts at rapid socialist transition through electoral means will fail at the polls or be crushed by military coups'.⁶⁰

Any attempt, therefore, to smash or restrict the institutions or practices associated with democracy will certainly incur the displeasure, if not the vengeance, of those affected. In the English-speaking Caribbean the institutions of Westminster parliamentarism are a definite sore spot. If a case can be made against this political structure (such as its 'divisive' as opposed to 'integrative' nature as stressed by the NJM) a case can certainly be made for it. After a long process of socialization Britain made sure it carefully groomed its subjects into accepting the virtues of parliamentary democracy. Above all, its constitutions enshrine property rights and the conditions for capitalist reproduction. Political competition and economic competition are thus regarded as inseparable. And the 'true' test of democracy (often portrayed as the only one) becomes the holding of national elections.

These constraints stemming from the historical and structural circumstances of the Caribbean are further compounded by the geo-political reality of the region. Oxaal (1982) captures the seriousness of this factor when he wrote 'the intellectual's question, "which models of the future are desirable?" (becomes) quickly transformed into the politician's question, "Which models of the future are possible?"'.⁶¹

Geopolitical Concerns

The U.S. interest in the Caribbean is principally derived from its geographical propinquity. But apart from this parameter Americans have often stressed the common past which they share with other states in the Americas. Not only have they all been products of European expansionism but even before the U.S. became a nation-state it has traded vigorously with its neighbours. Indeed, it was Britain's attempt to regulate America's trade with the Dutch and Francophone West Indies which contributed enormously to the American revolution. Here lies an interesting paradox. Despite winning its emancipation through the 'virtue' of revolutionary means American has consistently and resolutely sought to prevent similar occurrences in the hemisphere. There is virtually no limit to the repertoire of destabilization/interventionist techniques that the U.S. is prepared to deploy to achieve its ends. By drawing upon its economic, military, and political power American policy-makers can strengthen governments they favour (i.e. governments who play the 'American card'). By the same token the U.S. can use its power to work towards the overthrow of regimes it considers dangerous to its interests. If more direct means are deemed to be necessary they can attempt to carry out an outright invasion (covertly as in the Bay of Pigs invasion of Cuba in 1961 or overtly as in the U.S. invasion of the Dominican Republic in 1965).

America's high propensity to intervene, whether overtly or covertly, in the economic and political life of the region is a product of strategic/security, political, and economic considerations. Various U.S. administrations have at different times claimed they intervened to protect a particular 'interest', most frequently the strategic. But in practice it is difficult to disentangle these 'interests' since they all have direct or

indirect implications for each other. Thus when President Theodore Roosevelt declared his famous Corollary to the Monroe Doctrine⁶² in May 1904 and sent his troops in that same year to occupy Dominican waters he was not only protecting America's strategic interest (i.e. from the encroachment of European powers) but at the same time he was safeguarding the area for American capital and trade.

To appreciate the importance of the strategic factor one needs to bear in mind the geographical fact that the Caribbean Sea and the Gulf of Mexico comprise approximately one-fifth of the American border and engross an area of 1.5 million square miles.⁶³ America thus seeks to maintain as much control as possible over this border and often seeks to establish military bases in the region.⁶⁴ The entry of outside powers (worse if they are from the Communist Bloc) is thus interpreted as a dangerous threat. The region is also the source of much of her strategic raw materials. For example, the Caribbean provides virtually the whole of her bauxite - the raw material which is so critical to the airplane industry and other military-related equipments. The area also serves as a central seaborne logistic trade route for goods produced both inside and outside the area. Thus goods are shipped through the Caribbean and the Panama Canal to the American west coast and the west coast of South America. Commodities produced in Europe, Asia, Africa, and the U.S. itself are also transhipped through the area. Some of these imports, most notably oil, are also processed in ports in the region.

The political interests are generally geared towards creating and maintaining "democracy" in the region. Soviet forms of political and economic organizations are regarded as the complete antithesis of democracy. In contra-distinction, the 'western' model is seen as the epitomy of what

freedom and representative democracy are all about. The eagerness with which successive U.S. presidents have dealt with this question varies with the gravity of the developments in the region and indeed developments elsewhere in the world. President Franklyn Roosevelt, for instance, adopted what was termed the 'good neighbour policy'.⁶⁵ This did not mean that subversive ideologies were allowed to flourish or that countries dangerous to the status quo were accepted by U.S. policy-makers. Rather, it meant that America would treat the states in the region as countries in their own right and hence resort to techniques of 'negotiation' to resolve conflicts as much as possible rather than direct force. U.S. political involvement in the region was stepped up under the presidencies of John Kennedy and Lyndon Johnson. This was in response to the escalation of Cold War politics in the region (now including Cuba) and the quest for freedom, independence, and economic development which came in the wake of the Second World War. As the British West Indian empire crumbled America made sure that they gained the ground lost by Britain. The colonies (small and poor as they were) were now vulnerable to becoming pawns of alien communist elements - a development which American administrations were determined to check at all costs. Thus to prevent the marxist Cheddi Jagan of British Guiana, from converting Guiana into what was dubbed another 'Soviet satellite', President Kennedy (aided and abetted by Prime Minister Macmillan of Britain) engineered the economic and political situation in British Guiana in such a way that it would ensure Jagan's defeat. The result was that when Guiana was finally given constitutional independence in 1966 its leadership was assumed by a less pro-Soviet prime minister in the person of Forbes Burnham.

America's economic interests in the region are no less important. These are principally comprised of investment, trade, and the demand for Caribbean sunshine, beaches, and other tourist facilities. Indeed, the U.S. has been

the dominant economic 'partner' of the Caribbean regime since World War Two. As an indication of the magnitude of U.S. investment in the area it is noteworthy that in 1973 U.S. corporate investment in the Caribbean bauxite industry alone amounted to \$U.S.1,045 (millions).⁶⁶ Jamaica was the largest source of this strategic raw material until she was surpassed by Australia. Small wonder steps were taken by the American government to destabilize the Michael Manley regime in the late 1970s as a retribution for the government's policies of economic nationalism. Less critically, America also relies on the region for certain categories of primary agricultural commodities. These include sugar, coffee, cocoa, bananas and citrus fruits.

The proximity of the area to the U.S., and its consequent importance, is such that American policy-makers increasingly advance the view that the real test of prestige and credibility of a great power is ultimately dependent on its ability to control developments in its 'back yard'. As one source puts it 'what we do there affects our prestige in the rest of the atmosphere and in the world. Great power flows not only from force - armadas of warships, fleets of bombers, showers of missiles - but also from prestige'.⁶⁷

In conclusion, therefore, the severity of this geo-physical parameter cannot be over-emphasised. Apart from geo-politics, Grenada, like every other Third World society which chooses the non-capitalist path of development, has to cope with all the other constraints which litter this path - i.e. constraints resulting from the nature of their economic and social structures. And, as we have stressed above, the absence of a collectivist and authoritarian tradition in the modern Caribbean means that the development of socialist consciousness will be even more difficult to take root. The legacies of Gairicism, especially on the economic front, necessitated

material, organizational and technical assistance on a mammoth scale. Only aid on the scale envisaged by Lenin could solve this dilemma.⁶⁸

The People's Revolutionary Government

Despite the problems with the theory of non-capitalist development the leaders of the New Jewel Movement pledged their unconditional allegiance to it. Although very little was said about the theory in public top members of the party admitted on more than one occasion that they were guided by this theory in their overwhelming quest for socialism. The captured documents also offer penetrating flashes of insight in this regard.⁶⁹

In its statement of principles (1976) the New Jewel party said they stood for (i) people's participation, people's politics, and people's democracy, (ii) people's co-operatives for the collective development of the people, (iii) health care based on need, (iv) maximum development of the people's talents, abilities, and culture, (v) full control of Grenada's natural resources, (vi) employment for everyone, (vii) a decent standard of living for everyone, (viii) preservation of democratic freedoms (including freedom of expression and religion), (ix) the emancipation of black and oppressed peoples throughout the world and (x) a united people ... a new society ... a just society.⁷⁰

These ten principles are clearly consistent with the non-capitalist path of development and also with radical plantation theory. In 1981 Bishop declared in an interview that the revolution was at 'the national democratic stage, the anti-imperialist stage of the process we are building'.⁷¹

Bishop also went on to list a number of tasks which were required on the political and economic fronts to effect this disengagement from imperialism. He also noted that his government has already taken some of these steps. Among the tasks stressed was the need for 'revolutionary democracy' to ensure constant participation of the people.

Another prominent⁷² New Jewel member, Selwyn Strachan, pointed out in an interview in November 1979:

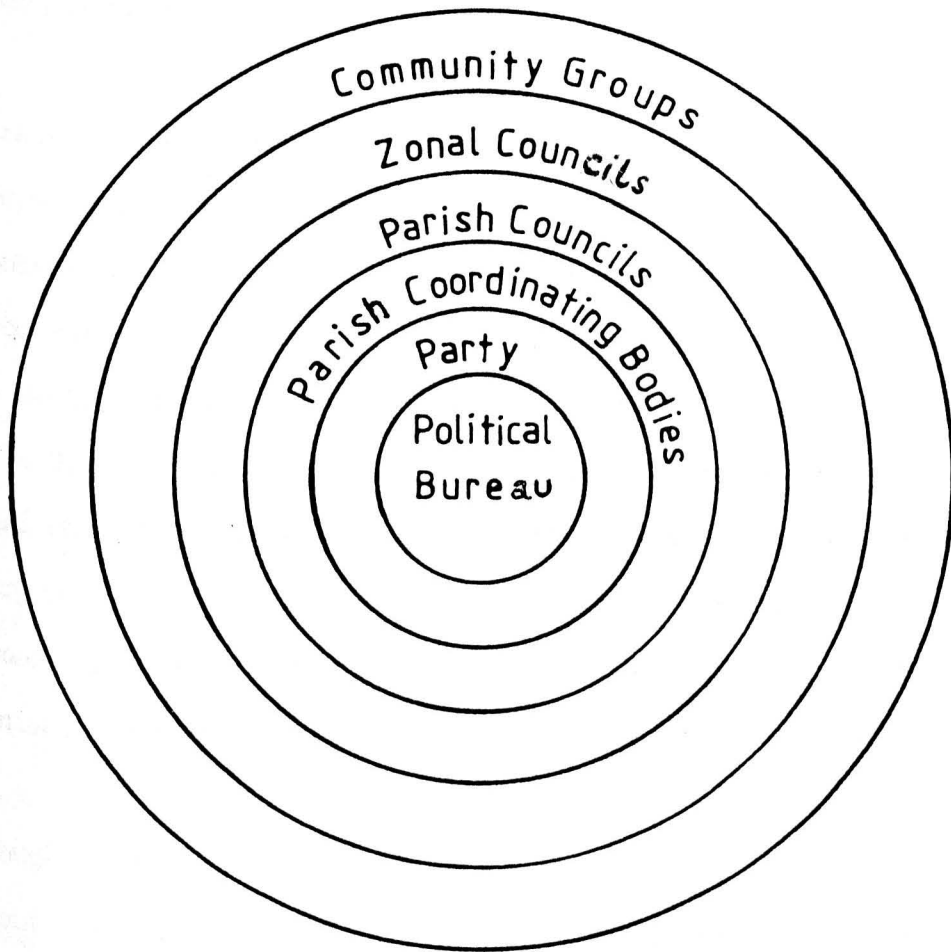
'We believe that our course of development will be more or less the same as the Cuban revolution. There may be one or two minor differences, but nothing dramatic. And that, of course, will go for almost every country in the Caribbean, because we have been underdeveloped by the imperialist world. The character of our economies is more or less the same. Jamaica, Guyana, Barbados, Trinidad, you name it, we have been plundered by the imperialist world. If we have taken a decision to socially transform our society, and we are adopting the correct approach according to the laws of historical development, we should more or less go through the same process, with slight differences because of the unevenness, since some countries are more developed than the next. But basically, the approach will be the same, if we are moving to socialism'.⁷³

In keeping with the requirements of the chosen path the party set up a government (known as the People's Revolutionary Government, PRG) which was comprised of an alliance of different social classes with special emphasis on the propertied class. 'We need the alliance', Bishop told party members in September 1982, 'to hold power in the first few days and weeks' 'to consolidate and build the revolution and to ensure the defeat of imperialism', ... 'because we don't have enough managers, because we don't have enough international contacts, because we don't have enough markets'.⁷⁴

Of the fourteen people who comprised the ruling council of the People's Revolutionary Government when they initially took power most were non-party members. For instance, Sydney Ambrose and Simon Charles were members of the peasantry, Bernard Gittens and Lloyd Noel belonged to the 'professional middle strata', Palm Buxo and Norris Bain were 'middle capitalists', and Lyden Ramdhanny was 'big capitalist'. The rationale was to reassure imperialism so that they "won't get too excited and would say 'well they have some nice fellas in that thing, everything alright' and as a result wouldn't think about sending in troops".⁷⁵ But Bishop was not prepared to allow the revolution to degenerate into some form of state capitalism. Thus, after weathering the storm in the critical period of the revolutionary process another seven party cadres were appointed to the government (two drawn from the propertied class). The political organization of the government is set out in Figure 4:1 below.

While conceding the need for democracy they also saw the need for firm control. The result was a dictatorship of the small party.⁷⁶ So much so that in his Line of March speech Bishop could boast that the party enjoyed more than 'ninety per cent direct control' of the government'.⁷⁷ This

Figure 4:1 The Political Organisation of the People's Revolutionary Government



Source: Is Freedom We Making: The New Democracy in Grenada (Fidon Publishers, St. George's, Grenada, 1980), p 41.

hegemony was also extended to the multiplicity of mass organizations and committees which were established, following the spirit of the 1973 manifesto. These included parish and zonal councils, the National Student's Council, Farmer's Unions, trade unions, community work brigades, the Pioneer Movement, the National Youth Organization (NYO), the National Women Organization (NWO), New Jewel Movement party support groups, the People's Militia - and a bewildering variety of committees which included investment, workers, organizing, discipline, education, emulation, production and defence committees.

Contrary to the Manifesto the 'organs of democracy' now began to function differently. Power no longer flowed from the bottom up but rather it was the other way around. This is not to say that the mass organizations were not consulted on policies. This took place, but as Mandle succinctly noted 'The Party, ultimately, expected to be obeyed. Its rule was not open to challenge. The ruling party could listen to the people but would reserve to itself the right to adjudicate the conflicts and choose among alternative policy options'.⁷⁸ The Party defended this system of rule since it was claimed that the people did not yet understand the science of Marxism-Leninism. It was therefore necessary to act in their name.⁷⁹

Although other parties were not legally abolished they were rendered 'silent' by the New Jewel Movement. They were only too aware of the divisive role of 'opposition' parties. Meetings and demonstrations by non-party members were thwarted by the People's Revolutionary Army.⁸⁰ The assumption of total power by a Leninist vanguard party - despite the size of Grenada - was to have its problems, since it had tremendous implications for the work-load of the party members. The strict criteria for party membership did not help the situation (see Appendix 4:A:1).

Before turning directly to the development strategy of the People's Revolutionary Government it should be stressed that initially Bishop commanded the co-operation, if not the support of the overwhelming bulk of the population. Without this co-operation the revolution would not have lasted not even for one day. On the morning of the revolution Bishop called on 'the working people, the youths, workers, farmers, fishermen, middle-class people, and women to join our armed forces at central positions in your communities and to give them any assistance they call for'. He also assured Grenadians that:

'all democratic freedoms, including freedom of elections, religions and political opinion, will be restored to the people. The personal safety and property of individuals will be protected. Foreign residents are quite safe, and are welcome to remain in Grenada. And we look forward to continuing friendly relations with those countries with which we now have such relations'.⁸¹

But dissatisfaction was not long in coming to the fore since the party was overwhelmed by the reactionary use to which democratic freedoms could be put. To safeguard the revolution it chose to introduce what to them were 'revolutionary manners', but to those affected by them (and their external allies) these were expressions of the repressive and undemocratic nature of the regime. The list of measures included indefinite imprisonment, press censorship, and a hesitancy to hold elections in the spirit of Westminster parliamentarism. These measures were to have an adverse impact on their attempt to transform the economic base of the economy to begin the process of socialist construction proper. The logic of the path requires that the

party 'use' the bourgeoisie rather than the other way around.

In Bishop's words:

'We bring them in for what we want to bring them in for. They are not part of our dictatorship because when they try to hold public meetings and we don't want that, the masses shut down the meeting. When we want to hold zonal councils and we don't want them there, we keep them out. When they want to put out newspapers and we don't want that, we close it down. When they want freedom of expression to attack the Government or to link up with the the CIA and we don't want that, we crush them and jail them. They are not part of the dictatorship. In fact, if the truth is to be told, they have been repressed by the dictatorship'.⁸²

As we will see in Chapter 7 below the private sector was fully aware of this dictatorship which Bishop spoke about. Its frequent resort to revolutionary manners (as it came to be called) did much to poison the investment climate, and hence undermine the material base of the revolution. This in turn made it even more difficult to construct the society envisaged by the PRG. And this was despite the emphasis and importance which Bogoslovsky and other proponents of the theory of non-capitalist development placed on pragmatism and the avoidance of authoritarian forms of government.

However, the PRG was more consistent and resolute in its formulation and implementation of the type of economic policies proposed by Clive Thomas and other New World scholars. These were evident in the government's National Development Plan, particularly in its strategy for the agriculture, tourism, and manufacturing sectors of the economy.

1. Maurice Bishop, 'Imperialism is the Real Problem', (Address to the OAS Conference on the Development Problems of Small Island States, St. George's, July 13, 1981) in Selected Speeches 1979-1981, (Casa de las Americas, Havana, 1982), p190.
2. New Jewel Movement (NJM), 'Manifesto of the New Jewel Movement, 1973' in Independence for Grenada: Myth or Reality?, (Institute of International Relations, U.W.I., St. Augustine, 1974), p144.
3. *ibid.*, p147. Note very little was said about compensation except that 'we intend to 'negotiate' with the owners in order to organise this scheme successfully' (p147).
4. For a list of other economic activities which are possible and how these can be developed to help meet Grenada's needs, see p146 of the Manifesto.
5. New Jewel Movement, *ibid.*, p148.
6. New Jewel Movement, *ibid.*, p154.
7. _____, *ibid.*, p154.
8. _____, *ibid.*, p149.
9. _____, *ibid.*, p150.
10. _____, *ibid.*, p149.
11. _____, *ibid.*, p149. Emphasis is in the original. Note LIAT denotes Leeward Islands Air Transport, the principal air carrier between the Windward Islands and the rest of the Caribbean.
12. NJM, *ibid.*, p.150. For example, getting rid of the patronage machinery established by Grenada's traditional parties - especially Gairy's GULP. (This system, as we have seen, entailed doling out exorbitant salaries to 'top' civil servants and huge expenditure on secret police bodies).
13. NJM, *ibid.*, p153.
14. _____, *ibid.*, p153.
15. _____, *ibid.*, p153.
16. _____, *ibid.*, p153.
17. _____, *ibid.*, p153.
18. Grenada National Party (GNP), 'Manifesto of the GNP, 1973', Institute of International Relations, 1974, op. cit., p142. Emphasis is in the original.
19. See, especially, the section under the sub-heading 'Towards the New Life and the New Society' (p156).
20. _____, *ibid.*, p156.

21. This position is remarkably similar to the tenets of the theory of non-capitalist development (discussed below). Perhaps the author(s) of the NJM manifesto had access to this body of writing before it was 'officially' brought to the region in 1975.
22. See the 'official' account of the Grenada Revolution written by W.R. Jacobs and R.I. Jacobs (Grenada: The Route to Revolution). Note W.R. Jacobs was Grenada's ambassador to Cuba and the Soviet Union during the tenure of the People's Revolutionary Government.
23. Jacobs and Jacobs, 1980, *ibid.*, p78.
24. Jacobs and Jacobs, *ibid.*, p82.
25. Jacobs and Jacobs, *ibid.*, p35.
26. See Jacobs and Jacobs, *ibid.*, pp99-117.
27. 'Line of March for the Party' in P. Seabury and W.A. McDougall, (eds)., The Grenada Papers. The inside story of a totalitarian state - as told in captured documents. (ICS Press, California, 1984), pp80-81.
28. As an example, see Howard J. Sherman, The Soviet Economy, (Boston: Little, Brown, 1969) for a detailed account of this transformation experience.
29. V.I. Lenin, "'Left-Wing' Communism - an Infantile Disorder", Collected Works, Vol.31. Cited in V. Solodovnikov and V. Bogoslovsky, Non-Capitalist Development: An Historical Outline, (Progress Publishers, Moscow, 1975), p38.
30. See 'Conference of Communist Parties of Latin America and the Caribbean June 1975: Declaration' (abstracted in part) in William Ratliff, Castroism and Communism in Latin America: the variety of Marxist-Lenist experience, (AZI - Hoover Policy Studies: Washington D.C., 1976), Appendix D.
31. A discussion of the relevance and importance of this approach for the Caribbean can be found in R.E. Gonsalves, The Non-Capitalist Path of Development: Africa and the Caribbean, (One World Publishers, London, 1981).
32. V. Solodovnikov and V. Bogoslovsky, 1975, op. cit., p18.
33. F. Engels, 'Review of Karl Marx'. Cited in Umberto Melotti, Marx and the Third World, (Macmillan Press Ltd., London and Basingstoke, 1977), p6.
34. Karl Marx and F. Engels, The Holy Family, (Foreign Languages Publishing House, Moscow, 1956). Quoted in U. Melotti, 1977, *ibid.*, p7. Emphasis belong to Marx and Engels.
35. Melotti (1977) provides a brilliant multilinear schema of Marx's conception of historical development. Though this model represents a considerable advance on unilinear schemas, we should point out that attempts to 'schematize' history does great violence to Marxism since Marxism is not first and foremost an academic exercise. As the thesis by Feuerbach remind us 'The purpose is not to interpret the world but to change it'.

36. V. Solodovnikov and V. Bogoslovsky, op. cit., pp19-20.
37. K. Marx and F. Engels, Selected Works (in Three Volumes, vol.2). Cited in V. Solodovnikov and Bogoslovsky, ibid., pp21-22.
38. V.I. Lenin, Report of Commission on the National and Colonial Question, Collected Works, Vol.31 quoted in Solodovnikov and Bogoslovsky, ibid., p23. Emphasis added.
39. 'Statement of the 81 Communist and Workers Parties, December 1960' in The African Communist, (No.4, 1961). Quoted in Joe Slovo, 'A Critical Appraisal of the Non-Capitalist Path and the National Democratic State in Africa', Marxism Today, (Vol.18, June 1974), p180.
40. Presently the list of countries include Ethiopia, Tanzania, Angola, Mozambique, Zimbabwe and Algeria. Among those which have turned back on the path are Egypt, Somalia, and Ghana.
41. V.I. Lenin, 'To the Communists of the Caucasus', Collected Works, Vol.32. Quoted in V. Solodovnikov and V. Bogoslovsky, op. cit., p28.
42. R. Ulyanovsky, Socialism and the Newly Independent Nations, (Progress Publishers, Moscow, 1974), p78.
43. R. Ulyanovsky, 'Marxist and non-Marxist Socialism' in World Marxist Review, (Vol.14, No.9, 1971), p39.
44. R. Ulyanovsky, 1971, ibid., p39.
45. V. Solodovnikov and V. Bogoslovsky, op. cit., p247.
46. V. Solodovnikov, 'Non-capitalist Road of Development in Africa', in Marxism Today, (Vol.13, September 1969), p281.
47. See V. Solodovnikov, 1969, ibid., p281.
48. See A.G. Frank, 'Economic Crisis and the State in the Third World', Development Studies Discussion Paper (No.30, February 1979), especially pp4-5.
49. Cited in C.Y. Thomas, 'The Non-capitalist Path as Theory and Practice of Decolonization and Socialist Transformation', (Latin American Perspectives, Vol.5, No.2 1978), p14.
50. D. Gold et. al., 'Recent Developments in Marxist Theories of the Capitalist State', Monthly Review, (October and November, 1975), for a thorough discussion of this point.
51. Kwame Nkrumah, Class Struggle in Africa, (International Publishers, New York, 1970). Cited in Richard Harris (ed.), The Political Economy of Africa, (Schenkman Publishing Company, Inc., Cambridge, Massachusetts, 1975), p43.
52. See, in particular, H. Stein, 'Theories of the State in Tanzania: A Critical Assessment', Journal of Modern African Studies, (Vol.23, No.1, 1985), for a summary of the competing views on the Tanzanian

State.

53. C.Y. Thomas, 1978, op. cit., pp22-23. Emphasis in the original.
54. C.Y. Thomas, 1978, ibid., p23.
55. R. Ulyanovsky, 1969, op. cit., p46.
56. V.I. Lenin, 'Two Tactics of Social Democracy in the Democratic Revolution', Collected Works, (Vol.9, Progress Publishers, Moscow). Cited in Joe Slovo, 1974, op. cit., p181.
57. P. Emmanuel, 'Revolutionary Theory and Political Reality in the Eastern Caribbean', Journal of Inter-American Studies and World Affairs, (Vol.25, No.2, 1983), pp210-211. Emmanuel's emphasis.
58. P. Emmanuel, ibid., p203.
59. P. Emmanuel, ibid., p226.
60. E.H. Stephens and J.D. Stephens, Democratic Socialism in Jamaica: The Political Movement and Social Transformation in Dependent Capitalism, (Macmillan, Hong Kong, 1986), p342.
61. I. Oxaal, Black Intellectuals and the Dilemma of Race and Class in Trinidad, (Schenkman Publishing Company, Inc., Cambridge, Massachusetts, 1982), pxiv. Emphasis added.
62. This declaration made by President James Monroe in 1823 was 'a declaration that we would regard any attempt by European powers to extend "their systems" to any part of the Western Hemisphere 'as dangerous to our peace and safety'. The Roosevelt Corollary issued in 1904 proclaimed "Chronic wrong doing, or an impotence which results in a general loosening of the ties of civilised society, may in America, as elsewhere, ultimately require intervention by some civilised nation, and in the Western Hemisphere the adherence of the United States to the Monroe Doctrine may force the United States, however reluctantly, in flagrant cases of such wrong doing or impotence, to the exercise of an international police power." Cited in J.B. Martin, U.S. Policy in the Caribbean, (Westview Press, Colorado, 1978), p13 and p18, respectively.
63. J.B. Martin, ibid., p139.
64. For example, U.S. Military bases can be found in the Bahamas, Puerto Rico, and Bermuda.
65. See J.B. Martin (1978), chapter 2, especially pp25-30, for a discussion of the background to this policy and what is entailed.
66. See Chapter 3 of A. Payne et. al., Grenada: Revolution and Invasion, (Croom Helm, London and Sydney, 1984), for a further discussion of the significance of U.S. economic interests in the region.
67. J.B. Martin, 1978, op. cit., p7.

68. Note even the economic strategy outlined by Thomas (1974), which he considered to be superior to that offered by Ulyanovsky et. al., is critically dependent on vast outlays of aid to get it off the ground properly. In criticising the 'economic strategy' offered by non-capitalist theorists Thomas writes:

'The literature has not considered in anything like enough detail the conceptualization of an economic strategy consistent with the development of socialism in these societies It is therefore not altogether surprising to observe how closely economic strategy in the non-capitalist societies follow the classic colonial lines of primary export specialisation on the basis of natural endowments and import-substituting industrialization proceeding from the substitution of final products with the hope of inducing a backward expansion into the capital goods sector'. This failure, Thomas argues, 'partly explains why most non-capitalist societies are suffering from serious problems of expanding real output at an adequate rate' (Thomas, 1978, op. cit., p26).

69. See P. Seabury and W. McDougall (eds.), The Grenada Papers, for a sample of these records.
70. Cited in M. Bishop, Forward Ever! Three Years of the Grenadian Revolution, (Pathfinder Press, Sydney, 1982), p23.
71. M. Bishop, 'We'll always Choose to Stand Up', Interview conducted by Grace Dana, in Granma Weekly Review, (July 12, 1981).
72. Strachan served as Minister of Communications, Works and Labour under Bishop's government. Later he was made Minister of National Mobilisation.
73. Cited in Maurice Bishop, Forward Ever..., pp15-16.
74. M. Bishop, 'Line of March for the Party', address made to the General Meeting of the Party on Monday 13th September 1982, in P. Seabury and W. McDougall, 1984, op. cit., p70.
75. 'Line of March', ibid., p69.
76. Real power resided in the Central Committee which was established in September 1979. It had a membership of sixteen in September 1983. These were Hudson Austin (Commander of the People's Revolutionary Army, Minister of Communications), Fitzroy Bain (Trade Union leader), Tan Bartholomew (People's Revolutionary Army), Maurice Bishop (Prime Minister, Minister of Defence, Interior, Information, and Carriacou Affairs), Phyllis Coard (Head of National Woman's Organisation), Leon Cornwall (People's Revolutionary Army, ex-ambassador to Cuba), Ewart Layne (People's Revolutionary Army), Chris De Riggs (Minister of Health), Liam James (People's Revolutionary Army), George Louison (Minister of Agriculture), Kamau McBarnette, Ian St. Bernard, (People's Revolutionary Army), Selwyn Strachan, (Minister of Mobilisation), John 'Chalkie' Ventour,

and Unison Whiteman (Minister of External Relations).

Party members outside of the Central Committee were rarely invited to the Committee's meetings. Neither was the Central Committee's deliberations shared with them. Appendix 4:A:1 sets out the extremely restrictive criteria which were applied for becoming a member of the party. This structure was borrowed from the Communist party of the Soviet Union (CPSU). As late as October 1983 the NJM party had a mere 72 full members. The other 278 members were 'Candidates' and 'Applicants', working hard to pass the arduous test for full membership. See Chapter 6 of T. Thorndike, Grenada. Politics, Economics and Society, (Frances Pinter Publishers, London, 1985), for a fuller discussion on the structure and functioning of the NJM.

77. See 'Line of March', op. cit., p70.
78. J.R. Mandle, Big Revolution Small Country, p66.
79. 'Line of March', op. cit., p66.
80. J.R. Mandle, Big Revolution Small Country, p63.
81. 'A Bright New Dawn', Bishop's radio address at 10.30 a.m., March 13, 1979.
82. 'Line of March', op. cit., p71.

Chapter Five

AGRARIAN REFORM AND RURAL DEVELOPMENT

An Overview of the National Development Strategy

From the very outset the architects of the Grenada Revolution made it clear that the revolution was for material betterment - not the socialization of poverty and underdevelopment:

'People of Grenada, this revolution is for work, for food, for decent housing and health services, and for a bright future for our children and great grandchildren. The benefits of the revolution will be given to everyone regardless of political opinion or which political party they support. Let us all unite as one....'¹

The strategy adopted for developing the productive forces of the economy and raising living standards was a natural outgrowth of the theory of non-capitalist development. In the political sphere, as we have seen, this theory called for a broad alliance of classes and social forces embracing

the intelligentsia, the popular masses, and segments of the bourgeoisie. The economic corollary to this class alliance was the 'mixed economy' model - comprising a state sector, a private sector, and a newly-established co-operative sector.

On the surface, there was nothing revolutionary about this schema since virtually every economy in the region had a mixed economy. But what distinguished Grenada from other mixed economies in the region was the role which was assigned to the various sectors and the way they were expected to grow over time. Since the revolutionary government was committed to the construction of socialism it sought to make the state sector dominant. By assuming leadership of the development process the state could guide and influence the process and pattern of economic and social development. The Line of March address indicates clearly that a great deal of thought went into this question of ownership in the economy.² In his deliberations about the other three possibilities (i.e. total private sector free enterprise system of economic development, mixed economy with a dominant private sector, and a total state sector model) Bishop forcefully pointed out their respective limitations. The first two approaches were seen as being inconsistent with the philosophical ethos of the party. In this regard the total state sector approach would be the best but it was utterly impractical given the existing state of Grenada's productive forces. In Bishop's own words:

'The state sector alone cannot develop the economy, given the very low level of technology available, the limited human resources, the lack of capital, the lack of marketing expertise, the lack of promotional capacity. So, we must stimulate the

private sector generally, but also of course in agriculture, and in particular among the small and medium farmers'.³

Despite this farsighted remark the PRG lost no time in developing and extending the state sector. Among the areas of the economy demarcated for state control were all financial institutions, foreign trade (both import and export), certain aspects of domestic trade, and all public utilities - including the assets belonging to the British Company, Cable and Wireless.⁴ Although some of these plans did not reach further than the conference table, by mid-1983 the spread of the state sector was considerable as Table 5:1 reveals. Indeed, it bore very little relationship to the technical and managerial capacities of the state. Some of these state enterprises were acquired from the previous government (e.g. farms, night clubs and hotels) and the private sector (Holiday Inn, Royal Bank and Canadian Imperial Bank of Commerce). Others were either new initiatives (e.g. Grenada Agro-Industries) or were set up to manage machinery and equipments received as aid for the government's investment programme.

An important rationale for creating a large state sector was to effect central planning of the economy. In making the case for planning Coard enunciated:

'Our economy has suffered from years of colonial exploitation and Gairyite exploitation. And we are still poor and under-developed. Now this is where planning becomes critical. Because of our scarce resources, we need to mobilise those which are available and use them most efficiently to

Table 5:1 Spread of State-Owned EnterprisesA. Sector (Production)1. Agriculture, Forestry & Fisheries

Grenada Farms Corporation

Grenada Sugar Factory Ltd

Livestock Production & Genetic Centre

Forestry Development Corporation

National Fisheries Company

2. Manufacturing

Grenada Agro-Industries

3. Construction

National Housing Authority

B. Finance

1. National Commercial Bank

Grenada Bank of Commerce

2. Grenada Development Bank

C. Services

1. Marketing & National Importing Board

Grenada Dairies Ltd

2. Public Utilities

Grenada Electricity Services Ltd

Grenada Telephone Co.Ltd

Central Water Commission
 National Transport Service
 Grenada Port Authority

3. Communications

Free West Indian
 Radio Free Grenada

4. Tourism

Grenada Resorts Corporation

5. Miscellaneous

Grencraft

Source: International Monetary Fund, 'Grenada: Non-Financial Public Enterprise', (March, 1984), pp.8-9 and Claremont D. Kirton, 'Attempts at Economic Planning in the Early Stages of Transition: Some Notes on the Grenada Experience'. Paper presented to a Workshop on A Political Alternative for Central America, held at the Institute of Social Studies, The Hague, Netherland, 6th-23rd June, 1983, pp.23-24.

Note: This list excludes those ancillary enterprises which were established mainly for the purpose of meeting the needs of government departments, particularly the Ministry of Construction. Included in this list are: Quintana Asphalt plant, carpenter shop, petrol station, G.Y. machine shop, garage and mechanical store, gravel and concrete plant, emulsion plant, telescope quarry, Sandino Complex and Cocoa Rehabilitation Project.

benefit ourselves. To reach this goal, we must try to plan the most efficient use of our resources. We must try to order our priorities and to balance our needs against what is available - our available supplies'.⁵

To this end the Ministry of Planning was restructured. Before 1979 planning was virtually non-existent in Grenada. It is commonly said in Grenada that Gairy worked according to dreams and visions rather than plans.⁶ Whatever 'planning' took place was carried out in the Ministry of Finance. According to Qureshi (1966)

'There [was] only one planning officer at a junior staff level. Most of the planning [was] ad hoc. Systematic quantification of tasks, goals, and target setting, fixation of priorities and programming [was] not yet undertaken'.⁷

Besides, there was a manifest lack of reliable statistics on the different aspects of the economy.

These two critical constraints to effective planning were somewhat alleviated between 1979 and 1983, thanks to the large influx of foreign technocrats (especially from the Caribbean) who flowed into Grenada during this period; the establishment of a computer centre to computerize all relevant statistical data, and the tremendous emphasis which the PRG placed on education and training. Even then, planning was largely confined to project planning, i.e. project identification, project formulation, pre-feasibility and feasibility studies and implementation and monitoring.⁸

To perform these functions adequately the Ministry of Planning was subdivided in November 1982 into a macro-planning unit, a projects development unit, a physical planning unit, a technical and economic co-operation unit, a national computer center, a central statistical office, an administrative and training unit, comprising a Registry and a Documentation Center.⁹

The importance of beginning with a short term planning horizon (i.e. under 5 years) was recognised:

'You can call anything a plan. You can call it a 5-year or 10-year or 15-year plan, but those are games for school children. You are really fooling yourself if you believe that that is planning, unless you have control over all the variables, or most of the variables. In a situation where you have an open, dependent economy, on which fluctuation in the world economy have a devastating effect to a degree that you cannot fully predict and cannot control, and when you don't even have reliable data upon which to base anything, talk about planning is merely to impress people'.¹⁰

The one-year budget plans which were prepared for 1982 and 1983 were thus predominantly concerned with current production problems.¹¹

The goals for the medium- and long-term were more ambitious. As articulated in a Government document these embraced five basic tasks:

- (i) the amelioration of the constraints imposed by the

anachronistic gold exchange standard (e.g. automaticity between domestic growth and export receipts, chronic leakages - especially on imported consumption goods - engendered by the financial system, and impotence of discretionary monetary policies).

- (ii) to lay the basis for structural transformation of the economy, economic diversification, self-sufficiency and greater employment of the country's limited resources through the rehabilitation of all usable capital stock and a concerted effort to construct new physical and social infrastructure.
- (iii) to implement measures geared towards establishing backward and forward linkages between the major pillars of the economy, to demonstrate to the private sector the various opportunities and outlets for profitable investment in the productive sectors of the economy, and to utilize all idle resources - material and human - for the development of the economy.
- (iv) to maintain strict control over the public accounts, to eliminate misappropriation and misallocation of public funds, to expand the revenue base of the economy, and to rationalise and economise on current expenditure.
- (v) to create a vibrant and dynamic agricultural and tourism sectors.¹²

The second and third goals were considered to be of extraordinary significance. As bluntly stated by Coard:

'For us the most important aspect in building an economically independent country (which is the only way that you can truly say that you are politically independent) is the method of diversification - in all ways and in all respects. First, diversification of agricultural production, secondly, diversification of the markets that we sell these products to, thirdly, diversification of the sources of our tourism, the variety of countries from which our tourists come. The maximum diversification, the minimum of reliance upon one country or a handful of countries means the greater your independence, the less able certain people are able to squeeze you, pressurise you and blackmail you'.¹³

Consistent with this thinking was a dynamic foreign policy - as a means not only of diversifying international economic relations and maximising aid, but just as important this foreign policy was meant to harness political support in order to help stave off what the PRG regarded was an imminent invasion from the United States. The PRG thus quickly became a member of the Non-Aligned Movement (in September 1979) advocating legal equality, mutual respect for sovereignty, non-interference in the economic and political life of nations and other well-known principles of the Movement.

Although plans were made to develop the major pillars of the economy - tourism, agriculture, manufacturing and fisheries - the emphasis on each sector was to vary with different time periods. Thus for the first five years of the regime the emphasis was to be placed on tourism. The next five years (1984-89) would emphasise agriculture and fisheries development, followed by manufacturing - especially non-agro based industry.¹⁴ But, despite this prioritization of tasks, a great deal of both thought and action took place on the agricultural front under the revolutionary government witness the material assembled in this chapter.

The Agrarian Strategy

It was patently clear to the revolutionary government that the development and transformation of the agricultural sector was a sine qua non for the attainment of the goals of the Revolution. This had to be so given the resource endowment of the country. In recognition of this fact Deputy Prime Minister Coard described agriculture as 'the base, the bedrock of anything we do'.¹⁵ For this reason 1981 was officially declared as the year of Agricultural Production and Agro-Industry.

The objectives set for this vital sector were:

- (i) to serve as a major generator of foreign exchange;
- (ii) to provide the main basis for industrialization and the building of agro-industrial development;
- (iii) to serve as the main creator of jobs to overcome unemployment;
- (iv) to supply as much food for the population as is economically and technologically feasible;

(v) to increase the country's self-reliance by utilizing to its fullest extent all agricultural land.¹⁶

Implicit in these objectives is a predominant emphasis on export-orientation rather than a policy of mere import-substitution. As experts in the People's Revolutionary Government put it:

'...the moment we start to produce anything in our economy in a serious way or even half serious way, if we don't find export markets for it, we dead. A very simple reason is that our population is 110,000. The experts told us that we only need 300 acres of our rich and fertile soil to produce all of the fresh foods required to feed all the people of Grenada. Therefore, even for the lettuce, tomatoes, carrots, and cabbage, not to mention manufactured items, we have to find external markets in order to satisfy the needs to employ our people and to raise their income and hence their material standard of living'.¹⁷

But apart from the problem of economies of scale the government was conscious of a myriad of deep-seated problems plaguing the island's agricultural sector. To recapitulate some of these we may note: (i) the rugged and mountainous nature of the terrain, (ii) the chronic inequity in the distribution of land among the farming community, (iii) the numerical dominance of this sector by small-scale producers with a predominantly subsistence-mentality, (iv) extreme fragmentation of the holdings of farmers, especially those with under 10 acres,¹⁸ (v) the relative dearth

of young people with managerial and agronomic training employed in this sector, and (vi) absence and/or underprovision of allied infrastructure and services (roads, transportation, drainage facilities, market, credit and technical advice).

These give rise to other problems. For instance, fragmentation frequently occasions loss of time and energy in transporting tools, seeds and other inputs from one fragment of land to another, difficulties in guarding against praedial larceny and supervising paid labourers when employed, loss of land to create boundaries between fragments owned by different people, and the need to solicit the co-operation of owners of neighbouring fragments when introducing certain farm improvement schemes.¹⁹

A Census carried out in July 1981 by the PRG in collaboration with the Organization of American States (OAS) provided a wealth of empirical data on the structure of Grenada's agrarian sector. This agricultural census had five aims, viz: (i) to develop a farm register in which names and addresses of farmers were recorded by 'enterprise' (i.e. cocoa, nutmeg, bananas, sugar cane, vegetable, fruits, roots and tubers, peas and corn, small livestock, large livestock, coconuts, minor spices, cotton, peanuts and bees); (ii) to furnish information on pertinent aspects of agriculture - tenure, population of full and part-time individuals involved in agriculture, types of crops produced for sale, and the importance of agriculture to the livelihood of the family; (iii) to ascertain the total acreage of lands under agriculture and the amount lying idle; (iv) to find out the main problems confronting farmers, and (v) to provide a frame for regional agricultural survey.²⁰

The Census provided information which is indispensable to any successful planning in this all-important sector.²¹ Two of the most worrying

findings for the PRG were (i) the apparent decline in the total farm acreage relative to the findings of the last two censuses (i.e. 1961 and 1975). The figures are 50,693 acres (1961), 38,942 acres (1975) and 34,243 acres (1981) (ii) the apparent reduction in the total population engaged in farming activities - 15,319 (1961), 12,565 (1975), and 8,202 (1981). And this was despite the overwhelming importance of agriculture to the national economy.

Table 5:2 shows how the total farmer population of 8,202 was distributed among the five districts/regions²² used in the Census. As one would expect the South (which contains the main town, St. George's) exhibits the lowest intensity of agricultural activity. In this area there are significant opportunities for a livelihood outside of agriculture given the concentration of the island's hotel activities, civil service, and commerce in this zone. Similarly, in the smaller and less commercialized North agricultural activity is comparatively high as can be seen from Tables 5:3 and 5:4. This is notwithstanding the fact that the largest number of farmers are located in the East.

Insights into the number of farmers who are engaged in the production of different crops can also be gleaned from the census data contained in Table 5:5. As the figures reveal cocoa and nutmegs are by far the two most important crops grown by farmers. The figures also show the remarkable diversity of Grenada's agriculture. More than 20 per cent of the farming population produce seven different crops. This is, at one and the same time, evidence of the excellent climatic conditions of the island; to some extent the technical expertise of Grenadian farmers, and possibly the natural tendency of small farmers to diversify agricultural risks.

With respect to problems facing farmers (in order of magnitude) the Census

Table 5:2 Distribution of Farmers by District

Item	D I S T R I C T S					Grenada & P.M.
	East	North	West	South	Carriacou	
% of total no. of farmers in Grenada	30.2	22.0	21.8	18.8	7.2	100.0
No. of farmers	2,476	1,801	1,790	1,542	593	8,202

Source: 'Final Report on Grenada Agricultural Census', p.17.

Table 5:3 Percentage of Farmers in the Census in Relation to 1981 Population by District

	D I S T R I C T S					Grenada & P.M.
	East	North	West	South	Carriacou	
Farmers as a % of the population	11	13	9	5	12	9

Source: 'Final Report on Grenada Agricultural Census', p.18.

Table 5:4 Percentage of full and part-time farmers by District and for Grenada

District	Full-time	Part-time	Total
1. East	53.2	46.8	2,476
2. North	54.1	45.8	1,801
3. West	48.9	51.1	1,790
4. South	43.1	56.9	1,542
5. Carriacou & P.M.	32.9	67.1	593
Grenada	49.1	50.9	
N	4,025	4,177	8,202

Source: 'Final Report on Grenada Agricultural Census', p.19.

Table 5:5 Percentage of the Total Number of
Farmers Engaged in Producing various crops for sale

Enterprises	No. of Farmers	% Farmers
Cocoa	4,420	53.9
Nutmegs	4,153	50.6
Small livestock	2,507	30.6
Bananas	2,206	26.9
Roots & Tubers	2,052	25.0
Vegetables	2,023	24.7
Fruits	1,843	22.5
Peas & Corn	1,616	19.7
Large livestock	1,175	14.3
Coconuts	709	8.6
Sugar-cane	346	4.2
Minor spices	263	3.2
Cotton	82	1.0
Peanuts	2	.02
Bees	6	.07

Source: 'Final Report on Grenada Agricultural Census', p.26.

reveals that the single most important problem for farmers in all districts was praedial larceny. This was followed by labour shortage.²³ These two problems were most acute on larger farms. In fact the figures show a direct relationship between farm size and the existence of these two problems. Tables 5:6 and 5:7 indicate this clearly.

The Census report ends on the very insightful note that:

'Regardless of the effort placed in planning and implementing agricultural projects, benefits would never accrue to the farmers unless their present problems are identified and solved'.

With regard to the severe problem of praedial larceny two adverse consequences were noted:

'In the short or immediate run, it reduces farmers income. In the longer term, the psychological impact on farmers would lead to less and less acreage cultivated and a fall in overall agricultural production'.²⁴

The significance and implications of these findings for agricultural planning cannot be over-emphasized.²⁵

Technical assistance was sought in this area (i.e. agricultural planning) from the Food and Agriculture Organization of the United Nations (FAO) in 1980. The team which came in its wake noted in their report the chronic lack of skilled manpower in the island's Ministry of Agriculture. For

Table 5:6 Frequency of Problems Experienced by Farmers
by District

	East	North	West	South	Carriacou & P.M.	Grenada
1. Praedial larceny	30.16	26.01	20.52	21.44	20.49	24.5
2. Plant material	8.84	11.68	13.66	11.10	13.66	11.4
3. Marketing	3.55	3.49	7.33	5.85	10.48	5.4
4. Extension Help	11.05	4.50	4.93	8.46	13.07	7.8
5. Labour	20.03	15.17	21.03	18.87	16.37	18.7
6. Water	5.67	5.35	4.71	9.92	10.48	6.6
7. Roads	10.51	13.31	14.88	9.23	1.53	11.2
8. Disease	8.97	19.15	10.64	11.18	13.42	12.3
9. Credit	1.18	1.29	2.24	3.90	0.47	2.0
N	3,120	2,464	2,714	2,458	849	11,605

Source: 'Final Report on Grenada Agricultural Census', p.37.

Table 5:7 Problems Experienced by Farmers by Farm Size

Problems	Percentage of Farmer Responses		
	0-2 Acres	2-10 Acres	Over 10 acres
Praedial Larceny	23.23	26.00	30.22
Plant Material	13.31	8.67	4.99
Marketing	5.77	5.18	2.87
Extension Help	8.55	6.89	4.99
Labour	17.43	20.90	21.46
Water	7.71	5.26	1.97
Roads	9.33	13.55	19.33
Disease	12.61	11.63	12.83
Credit	2.06	1.92	1.34
N (%)	100	100	100

Source: 'Final Report on Grenada Agricultural Census', p.39.

example, not a single trained economist was employed in the Ministry. Nor was there any one with the expertise to prepare project documents in a manner suitable for presentation to donor agencies. At best appointees in the Ministry were only able to prepare crude 'shopping lists for aid'. If these lists were approved by donors further problems were created since there was no one with the required knowledge and experience to implement the project(s).²⁶

The FAO document also pointed out that the present structure of the Ministry of Agriculture is one which was created during the colonial era - a period when the Grenadian economy was shunted on a completely different path from what the PRG was now seeking. In the words of the consultant:

'.... the priorities were mainly directed towards promoting and enhancing the production of what have become regarded as the traditional export crops ... It was the larger and more affluent land owners and producers who were the main beneficiaries of this policy: the smaller farmers, i.e. those who would be responsible for the production of crops for local consumption, were in general passed over with regard to extension services, credit, marketing, etc.'²⁷

Against this background a proposal was prepared for a three-year project for the government's consideration. Among the immediate objectives specified were:

- (i) to improve the effectiveness of the Ministry of Agriculture by helping in its reorganization so that it can exercise more effective follow-through of its programme and plans;
- (ii) enhance the planning capability of the Ministry of Agriculture by helping in the organization and placement of a planning unit within the Ministry, preparing its terms of reference and setting up its posts including job descriptions;
- (iii) provide training to planning staff in essentials of agricultural planning, project identification, preparation, implementation and monitoring;
- (iv) establish and operationalize a mechanism for monitoring all capital projects;
- (v) provide assistance in the development of co-operatives, especially at the level of training;

- (vi) assist the Ministry to obtain its own 'in-house' capability to develop and operate a computerized data-bank and retrieval system as well as undertaking selected programming exercises.²⁸

Recommendations were also made for the granting of fellowships and consultancies to Grenadians from international donors, especially in the areas of computer programming, development planning and agricultural economics. The long term objective was to assist the PRG in its drive to create a strong and viable agricultural sector.

The government was quick to adopt the recommendations of the FAO team. In addition to the team's emphasis on institutional restructuring of the Ministry of Agriculture and improved training at the level of policy making, the government's strategy for correcting the malaise in agriculture emphasised the following:

- (i) the attainment of a more equitable distribution of land;
- (ii) improved training, education, housing, health and transport facilities for agricultural workers and farmers;
- (iii) greater provision of extension services including an effective co-ordination of such services;
- (iv) the introduction of modern technology;
- (v) the production of non-traditional export crops in addition to the traditional ones;
- (vi) the provision of increased credit to farmers, especially funds from the state banks, and
- (vii) the establishment of commercially viable and efficient state corporations in this sector.

This was not empty rhetoric. Indeed, some of the government's most radical initiatives were undertaken in this sector. The development of the state and co-operative sectors in this pivotal area of the economy was comparatively phenomenal. Among the most notable initiatives were the Grenada State Farms Corporation (GFC), Grenada Agro-industries (GAI), Marketing and National Importing Board (MNIB), National Fisheries Corporation (NFC), Livestock Production and Genetic Centre (LPGC), the Forestry Development Corporation (FDC) and the National Agricultural and Co-operative Development Agency (NACDA).

The Development of the State and Co-operative Sectors in Agriculture

The Grenada State Farms Corporation was doubtless one of the most important arms of the State's involvement in agriculture. The amount of land under its control, the geographical spread of the farms, as well as the wide-ranging power of the GFC were such that it was in a position to influence the future of the island's agriculture.

Established in late 1980 (People's Law No.61) the Corporation sought to manage, develop and operate the estates and farms which the PRG had inherited from the Gairy Administration. These were acquired from Gairy's opponents in the 1970s. But as was characteristic of 'Gairyism' the farms and estates (together with their physical facilities) degenerated to very low levels as a result of neglect, poor organization, and corruption. Marketing arrangements were ad hoc, often organized by the workers who worked on the farms rather than by the produce officer in the Ministry of Agriculture to whom this task was assigned. As political supporters of

Gairy the workers on the farms were allotted small parcels of land on the same estates for their own farming. One consequence of this arrangement (coupled with limited supervision) was that the workers concentrated on their own private farming to the detriment of the state farms. The net result of these constraints was poor worker productivity, low output, and persistent deficits on most of the farms. According to a report from the Caribbean Development Bank only three of 23 farms made a profit in 1980.²⁹ Another source noted that Ec\$4 million was spent on these estates in 1978. Yet the revenue generated was under Ec\$250,000, an operating loss of some Ec\$3.75 million.³⁰ The GFC thus began its operations in early 1981 with a view to integrate the inherited farms into the national development strategy for the economy and reverse these losses.

The law which established the GFC empowered the organization not only to hold property but to sue, contract services, trade in agricultural goods and services, to borrow funds, sell shares in the Corporation or property as well as to establish agencies and offices. Five critical functions were assigned to the GFC, viz:

- (i) maintain, manage and control the farms of the Corporation;
- (ii) develop on a commercial basis all Grenada Farms consistent with the agricultural policies and programmes of the government;
- (iii) stimulate and undertake agricultural development on Grenada Farms and to participate in agricultural development projects as are approved by the Minister;
- (iv) stimulate development among small farmers in close proximity to Grenada farms and be a source of supply of inputs critical to small farm development;
- (v) perform any other function consistent with agricultural development as the Minister may, from time to time, direct³¹.

Although provision was made in the law for discharging its functions and obligations the Grenada Farms were required to be managed on strict, commercial lines. Hence the principal source of funds was expected to be derived from the sale of farm produce. Indeed, closer examination of the functions of the GFC (especially ii and iv) suggests that it was meant to serve as a model organization. It would demonstrate to the farming community, especially small producers, that a farm is a business unit and as such efficiency was critical to its survival and success.³²

The farms were aptly sited for initiating new farming techniques, erosion control, irrigation, fertility maintenance, and new products for export and domestic consumption (see Table 5:8 for their wide geographical spread). As the table shows, the farms were scattered throughout the island with the heaviest concentration in the east and south. Despite the possible 'demonstration effect' which this distribution may create, it also raises major problems for efficient management of the state farms. This constraint was further compounded by the poor quality of the staff which was appointed for the purpose (see Appendix 5:A:1 for the managerial structure of the GFC). The supervisors and managers were described as 'farm hands promoted over the years, had little formal educational training, and no agricultural training and in general averaged over 50 years of age'.³³ Another independent source lamented in early 1983:

'At present, there is no policy regarding the management of human resources, no standardized recruitment process, no over-all training programme, no compensation policy based on job descriptions and job evaluation, no performance appraisal system, no coherent employee benefits

Table 5:8 Distribution of 'Grenada Farms' by Divisions

Division 1	Division 2	Division 3	Division 4
Diamond/Bocage (N)	Corinth (S)	Grand Bras (NE)	Mirabeau (E)
Mt. Reuil (N)	Marlmount (S)	Pointzfield (NE)	Paradise (E)
Levera (N)	Laura (S)	Carriere (E)	Belle Vue (E)
Samaritan (N)	La Sagesse (S)	Mt Horne (E)	La Force (E)
Loretto (W)	Annandale (W)		Springs (E)
Blackbay (W)	Belle Vue (W)		Fond Peche(E)
Perseverance (W)	Bon Accord (W)		
	Mt Hartman (S)		
	Calivigny (S)		
	True Blue (S)		

Key: N = North)
 S = South)
 W = West) Regional Location of the Farms
 E = East)
 NE = North East)

Source: Inter-America Institute for Co-operation in Agriculture, 'Project Profile for the Development of Grenada Farm Corporation', (St. George's, Grenada, 1981), p.6.

programme, no system for dealing with industrial relations, and most serious of all, no system of personnel record-keeping'.³⁴

These organizational weaknesses contributed enormously to the poor financial performance of the GFC (discussed later in this chapter). Yet the government was determined to increase the amount of land under its control from the 4,000 acres (roughly 9 per cent of the total agricultural acreage) which originally constituted the GFC.

As we have already noted, the 1981 Agricultural Census revealed that substantial acreage of some of the island's best agricultural land were either unutilized or under-utilized. To correct this anomaly the PRG enacted a Land Development and Utilization Law (People's Law no.21, 1981). This law gave the government power to compulsorily lease for a period of ten years any estate over 100 acres declared by the Land Development and Utilization Commission to be 'idle'. This Commission was assured of full state protection in the execution of its duties:

'No action, suit, prosecution or other proceedings shall be brought or instituted personally against any member of the Commission in respect of any act done bona fide in pursuance or execution or intended execution of this law'.³⁵

Of course it was the government who determined whether or not the act of the Commission was 'bona fide'.

Under this law the Commission had power to demand detailed information from owners or occupiers of land relating to: (i) the size and boundary of the land under its ownership or control, (ii) the proportion of the land in use

and the manner of its use, (iii) the form of land tenure, (iv) encumbrances (if any) relating to the land, and (iv) details of any registration number, volume, folio, or other information in relation to the land or persons with legal claims on the land.

After this information was obtained the next stage was to carry out an inspection of the land - to determine the condition of the land, type of activities undertaken on the land, and ascertain what 'crops are most suitable to be cultivated upon the land'.³⁶ Once the Commission collected data on the land the owner could not dispose of the land (whether sell, lease, sub-divide or transfer ownership) without the approval of the Commission. The owner of unutilized or under-utilized land could (in some cases) avoid compulsory acquisition - i.e. by submitting an acceptable development plan for the land. If this plan was rejected by the Commission a period of three weeks was allowed for him to submit an appeal against the Commission's decision (ie. in the event of an acquisition). As a result of a significant amendment to the law in December 1982 the period for an appeal was reduced to seven days after the service of the Commission's notice. The Land Utilization Law thus shifted into a higher gear. The full text of the amendment read:

'Where any land shall have been declared to be idle land under the provisions of Section 5 whether or not the Idle Land Order made in respect thereof shall have become effective or been published in the Gazette and the Minister in his discretion considers that for any of the purposes of increasing production, providing employment or otherwise serving the national interest the Crown should obtain a lease of such land without delay the

Minister [i.e. Minister of Agriculture] may make an order (hereinafter called an "Immediate Leising Order") in respect of such land'.³⁷

As a result of the Land Utilization Law the government was able to increase the amount of land under its control by as much as 9,000 acres by July 1983. Added to the 4,000 acres under the GFC, this means that the state controlled almost 30 per cent of the total agricultural land in the island after a mere four years in office. Reportedly, the acquisitions which came in the wake of the Land Utilization Law was only phase one of the operation. Phase 2 was meant to target estates between 50 and 100 acres.³⁸

According to some critics the law was primarily geared against non-supporters of the government.³⁹ The small size of Grenada made it easy to determine the social and political background of every landowner of note. In this sense the PRG was guilty of some of the very crimes which Gairy had previously committed.⁴⁰

Expressing its suspicion and disapproval of the PRG's Land Utilization Law the 1982 World Bank Team noted:

'The question that first must be answered is why is the land idle. Land is idle either because it is marginal in economic terms, or because the owner has no means of working the land, or because he is not interested in cultivating it. Leasing the land compulsorily from owners might prove productive only in the latter case. In the other two cases, changing control over the land will not address

the fundamental issue. Incentives and/or stronger support to the farmer would be required'.⁴¹

Although there are some obvious grains of truth in this remark it seems to miss the point that in many cases the reason for un-utilization or under-utilization of land in Grenada was not merely lack of financial resources to develop it. As demonstrated in Chapter One the inequitable distribution of land in Grenada and elsewhere in the Caribbean was largely due to historical factors. Indeed, the owners of much of the land acquired by the PRG were not even resident in the island any longer. Sizeable tracts were either left uncultivated, rented to private farmers or left under the supervision of friends and relatives. It was their absence which facilitated the PRG's relatively easy acquisition of this land. It was therefore economically rational for the government to bring the idle land into cultivation, especially given the widespread unemployment of young people in the country.

One of the government's response to this undesirable state of affairs was to establish co-operatives in the productive sphere of the economy, particularly in agriculture. Although the state had considerable land under its control, that land was earmarked for its own purposes. The dominant means of acquiring land for co-operatives was from the private sector. The National Co-operative Development Agency (NACDA) was set up to assist this process (People's Law number 18, 1980). As specified by the law, NACDA had three objectives: (i) to co-ordinate the activities relating to the establishment and development of co-operatives, (ii) provide the services necessary to enhance this development, and (iii) to advise on matters relating to co-operative principles and management. The slogan of the organization 'Idle Hands plus Idle Lands = End to Unemployment' speaks for

itself. First, the unemployed person or group identified land that they were willing to bring under production. Through technicians attached to NACDA, a 'feasibility study' was conducted to determine whether the land was capable of fulfilling the intended purpose. If it was, the government would negotiate with the owner to see if it was possible to obtain freehold or leasehold purchase of the land. Once it was procured (on whatever arrangement) it was then given to the particular co-operative on a leasehold basis.

To finance the new co-operatives (see Appendix 5:A:2) a revolving loan of Ec\$ 1 million was granted to NACDA⁴² by the state-owned National Commercial Bank on concessionary terms (7 per cent rate of interest). In turn, allocations were made to enterprises at 8 per cent interest per annum.

Like the GFC and other productive state enterprises the enterprises under NACDA were expected to operate along strict commercial lines. To this end losses sustained by new enterprises were only absorbed by NACDA in the first year of its operation. Further loans to co-operatives by NACDA were made contingent on their financial performance. Some co-operatives were fortunate to receive funds directly from international aid donors (see Table 5:9 for the amount of funds received from these donors for the period 1982 to 1983). Provisions were also made for a co-operative to obtain a second loan for diversification or expansion purposes. But this was only allowed after nine months of successful operation.

In commenting on the significance of the co-operatives Coard had this to say:

'NACDA is changing the idea that the old colonial-type estate is the only model for agriculture, and showing our people how they can produce together, sit down, organize, plant and reap

Table 5:9 Funds Received by Co-operatives from
Funding Agencies for 1982-1983

Source	Grant (Ec\$ '000)	Receiving Enterprise	Project
ATI	204.3	NACDA	-
OXFAM America	51.0	NACDA	-
OXFAM UK	67.0	NACDA	-
OXFAM Canada	33.0	Tivoli Young Workers Agric. Co-op	Poultry
OXFAM Canada	10.0	St.Andrews Woodwork Co-op	Working capital
CDF	16.1	BRIZAN Agri.Co-op	Cocoa rehabilit- ation, constru- ction of drying facilities & pig project
CDF	7.7	Herbs and Greens Agric. Co-op	Expansion of dormitory
CDF	16.4	Tivoli Young Workers Co-op	Fruit Tree exp- ansion and con- struction of a greenhouse
CDF	144.6	Jamcraft	Workshop constru- ction & operating expenses for 3 months

CDF: Canadian Development fund
ATI: (This abbreviation was not defined in the Source)

Source: Ministry of Finance, 'Analysis of the New Co-operative
Societies, 1979-1982', (St.George's, Grenada, 1983).

their own harvests. In doing this, it has brought the youth back to the land in a significant way, sending down the average age of our agricultural worker from 62 to 51 years. If we go on like this, after next year it will be 40, and the year after, 29! Comrades, our agriculture is becoming young again! And all that young muscle and brain power, working together, is what will cause real and solid economic construction'.⁴³

That NACDA was a new model of agricultural development in the Grenadian context is indisputable. So too was GFC - conceived, as it were, as the leading vehicle for transforming Grenada's agriculture. But novelty has its price and this was to account for the disappointing performance of both the state farms and co-operatives - a disappointment which even the New Jewel party and government conceded.

With respect to the GFC, its account recorded a deficit of Ec\$ 640,525 in 1981. This operating deficit increased to Ec\$ 1.4 million in 1982. Although output for 1982 was targetted at Ec\$ 2.83 million, only a pitiful 37 per cent of the target was attained. In outlining the reasons for this dismal performance the PRG noted the following:

- (i) Poor organization and management, and no systematic practice of record-keeping or accounting.⁴⁴
- (ii) Like small-scale farmers the GFC were still using primitive methods of agriculture. Neither management nor workers had knowledge of scientific farming practices.

- (iii) Farms were still engaged in multi-cropping activities - producing different traditional and non-traditional crops. None specialized in any of the twelve crops which were grown on the GFC.
- (iv) Low worker productivity which not only resulted from factors (i) and (ii) above, but also from their advanced age, poor nutrition, lack of education, as well as the continued practice of private farming during the time they should be working on state farms.⁴⁵
- (v) Weak linkages between the GFC and other allied state enterprises, most notably from MNIB and GAI.⁴⁶

These problems were not peculiar to GFC. Perhaps to a larger degree they afflicted NACDA even more. Although young and energetic the members of the co-operatives had no experience in the activities in which they were engaged. Neither did they understand the principles behind co-operative forms of ownership. Referring to the slow growth and progress of co-operative enterprises in the island Coard remarked '...our youths are more interested in working with government than in joining co-ops. This came out in our unemployment survey of April 1982'.⁴⁷ The majority of these enterprises operated at a loss like their GFC counterpart. For this reason NACDA was unable to recover most of the loans made to the enterprises. The monthly recovery rate in agriculture (with the exception of Tivoli Ford and Vegetable Service Society) as of the third quarter of 1982 was an abysmal 7.7 per cent. It was even worse in the manufacturing, construction and service sectors, where the recovery rates were zero per cent.⁴⁸ Despite their poor performance the co-operatives had a vital role to play in the new society that the PRG were constructing. Apart from helping to grapple with the bottlenecks in the agricultural sector the co-operatives were devised to

foster socialist and collectivist forms of consciousness among their members. Re-stated in the words of Prime Minister Bishop the new enterprises were meant 'to kill individualism'.⁽⁴⁹⁾ This explains why the PRG was so alarmed at the sluggish rate of growth in the development of co-operative enterprises. The state farms were also conceived in terms of the long-term commitment of the government to socialism:

'In a petty-bourgeois society such as Russia was in 1917, the transition from capitalism to socialism can only be effected by moving away from small-scale individual peasant farming through the development of state farming and socialized co-operative farming'.⁵⁰

Arising from the party's intensive deliberations on the future of the country's agriculture was the conclusion that 'the development and modernization of agriculture hold the key to winning the peasantry to socialism and the transformation of the countryside along socialist lines'.

In order of priority for the coming period the government should seek:

- '(i) to make the GFC the leading vehicle for beginning to lay the basis for the socialist transformation of agriculture...' '(ii) to win the peasantry gradually to socialism by building the alliance of the working class and the peasantry through a programme of concessions and by building and strengthening PFU...'⁵¹
- '(iii) joint venture companies should be established with large estate owners who are willing to produce, remain in production but may be faced with economic crisis or bankruptcy.

Such joint ventures should be immediately established with selected land owners....⁵²

Party members were urged to study this Resolution on Agriculture closely with a view to implementing its conclusions when the time was opportune. The party also held extraordinary discussions on the prospect of a compulsory national service and Labour Army in Grenada. The Committee which met to consider this matter was advised to draw insights from the Cuban experience. It was also urged to study carefully 'the present political trend in Grenada, the particularities of our society, the possibilities of implement-ation of the National Service and the Labour Army' as well as the possible 'political and economic consequences'. The conclusion from the study was that

'the first and best time to introduce the idea of National Service and Labour Army should be at the fifth (5th) Anniversary in which the Commander-in-Chief would spell out the gains of the Revolution and explain the necessity for defending these gains against the permanent enemy, imperialism'.⁵³

The purpose of this plan was apparently to create a large and permanent workforce for the state farms.

In the interim the government began to intensify its efforts to bring about efficiency and increased output in the agricultural sector, especially on the farms managed by the GFC. One urgent problem in this regard was the lack of finance to further develop and rehabilitate the farms. In 1982 the government successfully procured a loan of Ec\$ 5,400,000 from the Caribbean Development Bank. The loan was meant to develop 1,903 acres (i.e. 770

hectares)⁵⁴ of land over a five-year period. A part of the funds was also earmarked for augmenting and upgrading the equipment, machinery and infrastructure serving the farms. The agricultural development programme was to entail the replanting of tree crops where their deterioration was severe, improvement of drainage and general field sanitation measures, general maintenance, as well as the cultivation of 9 hectares of avocados and cloves, 12 hectares of vegetables and the establishment of a sheep enterprise on 46 hectares of land.

The project was approved on the grounds that it was expected to lead to substantial increases in agricultural production, foreign exchange earnings and in land and labour productivity. The foreign exchange potential of the project was seen as very promising given the wide assortment of crops that the GFC was involved in - some geared towards generating foreign exchange and others towards retaining hard-earned foreign currencies. In fact, the financial rate of return of the project was calculated at 25.7 per cent after taxes. To minimize the risks in this venture tremendous attention was placed on the vital question of management and training. This was particularly important - not only because of the poor track record of the Grenadian authorities in this area - but also because the project covered a diverse number of enterprises ranging from vegetables, tree crops to animal production. Each of these enterprises required special managerial skills.

An administrative nucleus was thus established in Grenville, staffed with workers with skills in different areas of management, accounting, clerical duties, and agricultural science. Other workers were also trained on an on-going basis, both inside and outside Grenada, in pest and disease management and vegetables and tree crop production.⁵⁵ A tight communication network (mainly radio sets) was also put in place to facilitate contact between

estates as well as between the estates and the main office building. Hitherto, this was a daunting problem for the GFC given the wide dispersion of the farms over the island.

For its part the government sought to raise worker productivity by introducing the novel practice of emulation campaigns. In an address made in October 1981, 'Emulation is the Seed that Brings the Fruit of Excellence', the Prime Minister explained the meaning and importance of the concept.⁵⁶ The address was delivered on the first of what was to become an annual event - National Emulation Night (for Outstanding Students and Educators). But emulation was to be promoted not only in the schools but in every organization and institution in the island (both private and public). Managers in workplaces were urged to award prizes to outstanding individuals and groups. For instance, a special prize was to be awarded to the 'manager of the year' and 'worker of the year' in every enterprise. The trade unionists were called upon to collaborate with managers to form production committees in every workplace. To achieve the goal of increased production, efficiency and output Disciplinary, Education and Emulation Committees were to be set up alongside the Production Committees.

'The Emulation Committee would set production targets and devise and organise brotherly and sisterly competition among the workers to make sure they are met, as well as publicly recognising and soluting the achievements of exemplary workers and producers'.⁵⁷

These committees were expected to be particularly effective in the state sector. But elsewhere opposition was expected from some segments of private capital and those trade unions that were outside the control of the government.⁵⁸ One reason for opposition was the government's insistence that

workers should be allowed to play an active role in the decision-making process at the workplace. They also advocated the institution of profit-sharing schemes to give workers a stake in the enterprises and thus induce them to work harder.

On the state enterprises various forms of moral and material incentives were provided to outstanding workers. These included media coverage (so important to poor, down-trodden people), agriculturam implements, books, gift tokens, bus passes, trips overseas, holiday, and cash awards. In 1981 a worker known as 'Coonyahr' was made 'worker of the year' for his invention of a beetle trap which was effective in removing a particularly destructive pest on one of the government farms. So much attention was (deliberately) focused on Coonyahr for his invention that since then he has been widely known on the island as 'the Hero of Production'.⁵⁹ But not only initiative and creativity were recognized by the government. Other emulation criteria used on the state farms were attendance and punctuality, treatment of equipments and other facilities, completion of work assignments on time, willingness to co-operate, participation and attendance in all activities organised by the state - e.g. socialism classes and voluntary work in the community.

The emulation scheme on the state farms brought workers together each month to discuss the problems on the particular farm, examine critically production targets, and to suggest ways of improving agricultural productivity. On every state farm, a 'worker of the month' was to be chosen by the workers themselves. Workers were also to share in the profits that they helped to generate. With this profit-sharing scheme, one third of all profits was to be distributed among workers, one third was to go back to the state and the other third ploughed back into the farm for its continued expansion.⁶⁰ Other benefits and incentives included improved working

conditions - provision of adequate toilet, canteen, health and sanitation facilities, sick leave, a pension plan and the policy of equal pay for equal work for female farm workers. This policy of equal pay was to be generalized to the entire agricultural sector.⁶¹ This was part of a wider drive aimed at rural development. Through these measures it was hoped that agricultural productivity would increase substantially, thus enabling the government to achieve its economic and social goals as well as meeting its loan obligations to the Caribbean Development Bank.

To rationalise the operation of the state farms and NACDA, efforts were made to establish close linkages with the Marketing and National Importing Board and Grenada Agro-industries Limited. Although the MNIB pre-dates the PRG⁶² it was not until 1979 that it began to play a major role in the Grenadian economy. As originally established the main functions of the MNIB were to market agricultural produce not already marketed by another statutory body. This included the purchasing and reselling of products; establishing and operating outlets for purchasing, delivery and grading; trading in food-stuffs for livestock, seeds, fertilizers, farming implements, etc., and establishing and operating storage facilities. Besides, the Board was empowered to be the sole purchaser, handler, processor, seller and exporter of any commodity the government saw fit. This latter clause was amended by the PRG to enable it to monopolize the importation of certain specified commodities (agricultural and/or non-agricultural).

The main objectives of the MNIB for the economy were: (i) to promote import substitution (by reducing food imports, developing linkages with agro-industries, increase export earnings by promoting greater outputs of existing products and developing new ones, developing an efficient marketing

system geared towards providing marketing information and intelligence, and secure guaranteed markets for produce); (ii) increase national income through greater export activities; and (iii) increase output, income and living standards of the farming sector. Among the groups targeted were farmers and Grenadian consumers. For the former, the Board sought to provide secure markets (locally and externally) at fairly stable prices and to increase their output and income by keeping them informed on market trends, prospects and the corresponding direction of farm investment. The consuming public were to benefit from improved produce quality and price as well as securing regular supplies of produce.⁶³ The objectives of the Board thus reflect commercial and social ends - many of which are rarely undertaken by the private sector.

By 1983 it was clear that the MNIB had already begun to attain many of the proclaimed goals. The Board bought as many as 78 products from farmers. In principle (and practice as well) it was committed to buying any marketable product which was offered by farmers. A total of 1,315,601 pounds weight was bought in 1982. This was some 75 per cent higher than the quantity bought in 1981.⁽⁶⁴⁾ According to the Report one out of every eight farmers in Grenada traded with the Board. This suggests that farmers continued to market their produce by the traditional sources. One reason for this was that the Board lacked adequate transporting facilities to compete with long-established hucksters who either had their own vehicles or had permanent transport arrangements with vehicle owners. Small farmers were obliged to transport their produce themselves to the MNIB depots - many of which were located at substantial distance from their farms.⁶⁵

The MNIB was perhaps more successful in changing the mix of Grenada's exports. An excellent example is the production of aubergines. A market

was sought and successfully found in the U.K. Over 70,000 pounds were traded during the second half of 1981. this contrasts sharply with the 15,000 pounds which were exported for the whole of 1980.⁶⁶ Trading links were also established with a number of non-traditional countries including socialist countries. This was aided by the establishment of a Shipping Division to MNIB in 1982. In that same year the Board purchased a motor ship 'the Albatross'. The aim was to reduce the delays in meeting overseas orders. Before the acquisition of this ship the Board had to rely on existing shipping lines often paying out large sums of money to them.

The MNIB also served as the principal distribution outlet for the produce of Grenada Agro-industries Limited. GAI operated a factory at True Blue and a food processing laboratory at Tanteen, St. George's. The laboratory processed and packaged local spices for both the local retail and export trade. It was also engaged in processing selected fruits and vegetables into canned juices and nectars as well as bottled jams, jellies and chutneys. A state-owned Fish Processing plant was also established at True Blue. This plant specialized in the processing of frozen and salted fish products, principally for the domestic market. In the first six months of its operation the GAI produced an impressive 51,072 units of mango nectars, 17,693 units of tamarind nectars, 4,272 of paw-paw, 12,318 units of guava-banana, 14,147 units of nutmeg jellies, 12,798 units of hot sauces, 4,379 units of chutney, 2,768 units of spicy sauce and 2,301 boxes of guava cheese. Total sales recorded for the enterprise during its first six months stood at Ec\$298,726.⁶⁷ To boost the sales of the enterprise the PRG popularized the slogan 'buy local and eat local'.

Many of the products produced by GAI were of an exceptional quality.⁶⁸ Several products from the enterprise even won medals at International Trade

Fairs. Nutmeg jam, for instance, won a gold medal in 1981 at the Bulgarian International Trade Fair.⁶⁹

But the problems of the GAI were overwhelming. These included: (i) inadequate storage space for raw materials (many of which easily perished), (ii) irregularity, inconsistency and inadequacy (both quantity and quality) of raw materials from farmers, (iii) transportation bottlenecks which led to late deliveries of raw materials from farmers to factory, (iv) improper knowledge of the processing technology in some cases, (v) exorbitant costs for tins and bottles - many of which were too large for their contents,⁷⁰ (vi) technical problems such as frequent break-down of machines and unavailability of spare parts,⁷¹ and (vii) poor marketing and managerial problems.

The managerial problem was particularly severe since it meant that this often produced long delays in solving the other problems which the enterprise encountered. As for marketing, Coard struck home directly when he noted:

'Making a product is one thing, but getting it sold is another. Although our products were sold far and wide, a lot more could have been done by the MNIB to market them abroad'.⁷²

Many of the products of GAI ended no further than on the shelves of MNIB or in their store rooms, thereby producing huge increases in the Board's storage costs. Referring to the managerial and marketing weaknesses Dr Radix had this to say:

'Every product requires its own marketing specialist. You can't employ people with rudimentary experience in razor blade

marketing to market perishable goods. Besides you can't over-price your product to make up for other inefficiencies in production and distribution'.⁷³

The unrealistic pricing of the enterprise's products contributed in large measure to the stockpiling at the MNIB. Besides it must be remembered that these products had to compete with cheaper, more attractively presented and better known imported products which bedecked the shelves of shops and supermarkets all over Grenada.⁷⁴ As for fish-processing, performance was particularly abysmal. This was largely due to the structural weaknesses of the National Fisheries Company (NFC)⁷⁵ which was responsible for supplying raw materials to the plant. These problems were so severe that the government was obliged to close down the NFC in early 1983 - less than two years after its establishment. Of the eight boats in the fishing fleet (all donated by the Cubans) only one functioned properly. Lack of spare parts and fishing apparatus meant the loss of many boat days. Inexperienced fishing crew and weak management further compounded the problems.⁷⁶

Given the managerial weaknesses of the MNIB,⁷⁷ one wonders to what extent the Board was able to distribute local produce to domestic consumers cheaper than its competitors. Sales revenue, reportedly, increased from Ec\$ 6.5 million in 1981 to Ec\$ 12.2 million in 1982 - and 'this enables MNIB to make a profit of over Ec\$ million which were not wasted but put into productive use by the state sector'.⁷⁸ This remark confirms the importance of the profit motive to the Board. In the absence of data on the profit margins of other competing marketing agents, it is impossible to determine whether prices charged to consumers by the Board were cheaper than those charged by their competitors. For the producer, however, the existence of the MNIB and the guaranteed market which it provided meant that (at least) they were able

to obtain better prices for their produce from private traders. They at least had the option of comparing these prices with that offered by the MNIB. On the import side of the Board's operations, according to the available information, the prices charged to the consuming public were significantly reduced. This was largely due to the fact that the Board bought products in bulk and often from cheaper sources. In 1982 MNIB imported 2,270 metric tonnes of fertilizer. Prices per 110 pounds bag were Ec\$ 6.00 less than what the Board previously sold at.⁷⁹

Apart from its involvement in crop production and agro-industries the state also expanded its operations in the venture of livestock production. Again this was related to the government's long-term aim of achieving greater self-sufficiency in food supply, hence reducing dependence on imported supplies of meat, milk, and other related products. The importance of a viable livestock industry in Grenada can be appreciated from the fact that in 1980 alone a total of 2,020,134 kilograms of meat products valued at Ec\$ 6,291,506 was imported into Grenada. This represents a definite upward trend over the years and a tremendous drain on scarce foreign exchange resources.⁸⁰

The government thus established The Livestock Production and Genetic Centre (LPGC) in 1980 at Mt Harman, in the south of the island, for the breeding of top quality pigs, goats, sheep, and certain categories of poultry (layers, ducks, and turkey). Plans were also made to develop other ancillary products such as energy from biogas plants, fertilizer and feed (from rejects from crop production and other wastes) and algae. Through the use of advanced methods of super-ovulation and artificial insemination production was expected to increase rapidly. And it seems as if LPGC was set to achieve its aims. In 1981 its output stood at Ec\$ 37,600. This rose

sharply to Ec\$ 181,100 in 1982.⁸¹ Although the figure for 1982 was just over half the targeted sum of Ec\$ 353,000 it was still impressive since the assumptions on which the target was based were broken. These included the timely procurement of finance to buy the stock as well as the delivery of the full stock of breeders ordered. with respect to the farmer there was a delay of some six months. As for the latter only half the required stock was delivered.⁸² The importance the government placed on the development of a livestock industry is amply demonstrated in the manner in which it acquired the land for the LPGC project. The land was owned by the state, but it was previously rented to small farmers for the growing of sugarcane. Although it was providing a livelihood for these farmers and their families (and despite the importance of this strata to the class alliance which the model of non-capitalist development required) the state did not hesitate to re-possess the land.⁸³

It is difficult to deny the soundness of the objectives and intent of the state enterprises discussed so far. To a considerable extent many of the problems cited can be regarded as inevitable in the early stages of an enterprise. It should also be borne in mind that the Grenadian state had virtually no experience or tradition in productive activities. To the credit of the PRG, they recognized the existence of the problems and had already begun to introduce corrective measures. From their failures in direct production they were also made aware, with greater conviction, that farmers outside the state sector could not be ignored - least of all the small peasants who (numerically) dominated the agrarian sector. As such a number of direct steps were taken to assist them and their families.

Other Developments in the Rural Sector

The problems highlighted by The 1981 Agricultural Census (credit, poor infrastructure, under-provision of extension services, pests and disease, praedial larceny and labour shortage) were to constitute the basis of government policies for the rest of the farming sector. The Productive Farmers Union (PFU) became the leading organization representing the interests of small farmers with functions similar to those of NACDA.

PFU was established in 1980 with 1,200 small farmers. Its main office was set up in Grenville but plans were made to establish similar offices throughout the agricultural centres of the island. The organization supplied fertilizer and agricultural implements to small farmers at concessionary rates but its main function was to provide loans to its members. These were allocated on the basis of production plans rather than the standard and formal criteria used by commercial banks. Through this loan system farmers were encouraged to grow crops prioritized by the State, such as crops for GAI, vegetable produce and food crops for export. The government's dominance of the banking sector put this organization in good stead to undertake this function. The National Commercial Bank (NCB) and the Grenada Development Bank (GDB) were to play a catalytic role in this new thrust of agricultural promotion. Referring to the NCB (established in 1979 in the wake of the withdrawal of the Canadian Imperial Bank of Commerce) Coard pointed out that the bank 'has had tremendous impact in forcing the foreign banks to pay better interest to the people, to lend money at lower interest rates and other factors of this sort'.⁸⁴ Boasting the label 'the People's Bank' NCB was reputed to lend more for productive purposes than any other commercial bank operating in Grenada. An estimated 69 per cent of all loans made for agricultural purposes between 1979 and 1981 was made by the

NCB.⁸⁵ The acquisition of Grenada Bank of Commerce, in 1983 (formerly the Royal Bank of Canada) placed the government in an even stronger position to marry the resources mobilized by commercial banks to its developmental priorities. Additionally, the GDB (formerly the Grenada Agricultural and Industrial Development Corporation) was overhauled for this purpose.

People's Law No.33, 1980 empowered GDB to provide financial advice and to provide or assist in procuring managerial, technical, and administrative services for development programmes in the country. It was also responsible for appointing relevant staff members, subject to the approval of the Minister of Finance. One of the revolutionary government's first moves was to appoint a new Board of Directors to replace the previous Board which had virtually no experience in agriculture, commerce and industry. By hand-picking members of the Board (in much the same manner as Gairy did) the PRG ensured that its policies would be executed without opposition. The government also took steps to fill strategic posts which were vacant in the organization, often for very considerable periods of time. This can be regarded as one indication of the weakness of the GDB. For the greater part of 1980 the organization had no confirmed manager. Managerial functions were thus performed by the Project Officer assigned to GDB by the Caribbean Development Bank. An accountant was subsequently appointed to the post.⁸⁶

In 1980 there were also vacancies for two technical officers with background in agriculture, one debt collector, and one industrial specialist. The PRG tried but was never able to fill these posts suitably on account of the dearth of skilled manpower in the island and the demands for the limited personnel which were available.⁸⁷ To alleviate the problem the Caribbean Development Bank provided consultants from time to time on a short term basis as well as organized crash courses for GDB's staff.

The manpower shortage was certainly debilitating in its effects. But this debilitation was more pronounced in the industrial sector. Compared to the GDB's Farm Improvement Scheme (FIC), funds earmarked for Small Industry Credit (SIC) and Agricultural and Industrial Credit (AIC) schemes were grossly under-utilized (see Table 5:10).

Table 5:10 CDB Lines of Credit to GDB and Lending Performance

(Ec\$ '000)

Scheme	CDB Loans to GDB	Commitments as at 8.10.80	Balance Available	Projects in the Pipeline
FIC	994	1,108	114	300
AIC	1,561	672	889	410
SIC	400	155	245	260
APC	400	258	142	120
			1,162	995

Source: Caribbean Development Bank, *ibid*, p.4.

Towards the end of 1980 the PRG instructed the GDB to use the undisbursed funds to finance projects under the FIC. Measures were also put in place to alleviate the problem of poor debt recovery and bad debts. According to a CDB source at the end of 1979 arrears of principal on sub-loans amounted to Ec\$ 1.2 million, 'of which recovery of Ec\$ 0.78 million or 31 per cent of GDB's total loan portfolio appeared extremely doubtful'.⁸⁸

This alarming situation was partly the result of the organizational weak-

nesses of the GDB. It has also been suggested that Gairy's corrupt practices contributed to it as well.

'The development of the Grenada Development Bank which existed before but which was in a state of total bankruptcy with most of the money having been stolen by the Gairy regime in a very vulgar way, with money moving from one bank to another and half of it disappearing in between'.⁸⁹

Reportedly, some of the loans advanced before 1979 were not understood in strict business terms but were interpreted by recipients as patronage for their loyalty to Gairy's party.⁹⁰ As a result of the Bank's inability to manage its resources the CDB (the GDB's main creditor) was reluctant to grant further credit to that institution. After one year under the PRG, however, the CDB adopted a more favourable attitude to loan requests from the GDB. In commenting on the new wind of change set in motion by the PRG, the CDB wrote:

'GDB has gone through a rebirth and the organization is now functioning more efficiently. Proper administrative systems have been implemented and accounting systems and loan procedures have been introduced and streamlined. Security requirements for loans have also been tightened'.⁹¹

Loans from the CDB now began to surge upwards. In 1980 alone a record sum of Ec\$ 1 million was loaned to the GDB on very concessionary terms.⁹² Plans were also made by the CDB to augment the GDB's resources as the organization strengthened further.⁹³ There was also a sharp rise in the rate of

disbursement of funds. For 1977 and 1978 disbursements averaged Ec\$ 200,000 annually. Yet by the end of 1979 a total of Ec\$ 700,000 was disbursed.⁹⁴ This suggests the credit bottleneck which farmers typically faced was at last beginning to be alleviated.

Inroads were also made into the poor roads over which farmers had to transport their produce.⁹⁵ As much as 30 per cent of produce is lost (through bruising) in the process of transportation.⁹⁶ To improve farmer's incomes feeder and farm roads were constructed. Through the CDB Ec\$ 6 million was raised for the rehabilitation of feeder roads in 1981. Another 25 miles of roads were also constructed in 1982.⁹⁷ With the help of the PFU small farmers were also mobilized to provide voluntary labour to assist with road construction and repairs. The PRG also began the Eastern Main Road Project - a road designed to connect St. George's to St. Andrews, and along which some 40 per cent of the island's export agriculture was transported.⁹⁸ Apart from benefiting farmers the provision of improved roads was also seen as a measure which could assist the Grenada Forestry Development Corporation to achieve its objectives. These centered on the cultivation of trees and production of wood, especially for the manufacturing of furniture and for exports.⁹⁹ The improved roads would also mean that less time would be lost in the process of travelling and less damage to vehicles.

Strict measures were also made (and introduced in part) to deal with the age-old problem of praedial larceny - a problem identified in the Agricultural Census, it will be remembered, as the main problem facing the farming community.¹⁰⁰ As highlighted in the Census Report this was a formidable disincentive to further investment in agriculture. Indeed, it was also one reason why commercial banks have been generally reluctant to accommodate loan requests from farmers.

The problem was widely discussed throughout the country, especially in the mass organizations. At a mass organization Conference Workshop in February 1983 it was suggested that purchasing institutions should ensure that goods offered for sale are made by bona fide sellers. Government should equip these institutions with information on the size of farmer's holdings, the type of crops they were involved in, and their average output. If the quantity of goods offered for sale was substantially higher than the average an investigation should be undertaken. It was also recommended that the police should step up their work in rural areas and that thieves should be made to do hard compulsory labour on the farm from which they stole.¹⁰¹

On the basis of these recommendations the PRG began to take decisive action to deal with the problem. The presence of police officers was visible at distribution outlets. It was hoped that their presence alone would help to intimidate would-be traders in stolen goods. A law was also drafted and widely discussed for punishing offenders. The punishment was to include exorbitant fines and imprisonment for long periods (up to two years) under conditions of hard labour. Plans were also made to introduce a comprehensive 'identification card' system which should be presented to buyers if requested. If these measures seem draconian it simply reflects the importance the PRG attached to agriculture.

Greater attention was also paid to the provision of extension services and other technical assistance to farmers, especially in the area of disease management. With the help of the Canadian government a Cocoa Rehabilitation Programme was introduced. The Canadian International Development Agency (CIDA) provided Ec\$ 2,500,000 for this project in cash and materials. The coca plants were sold to farmers at reduced price. Under the aegis of the

Cocoa Rehabilitation Project, thousands of disease-ridden plants were replanted.¹⁰² Without a complete replanting, the yields from the plant would continue to decline on account of the deadly beetles, thrips and 'witches broom'. A sum of US\$ 105,000 was also obtained from the Food and Agricultural Organization (FAO) to help the government in its fight against another destructive disease known as 'Moko'. This disease was particularly destructive to the island's faltering banana industry. Efforts were made to establish membership with as many international organizations as possible in order to procure further technical assistance in agriculture.¹⁰³

But the government was prepared to use this assistance to complement its own efforts rather than relying outside help totally. To this end, the PRG re-established the Mirabeau Farm Training School which was closed under the Gairy regime. The facilities of the school were expanded to cater for 150 students per year instead of the previous 50. Emphasis at the school was on the training of extension officers. Research was also undertaken on the control of pests and diseases. An agricultural training school was also opened at La Sagesse in the parish of St.Davids. The school provided residential courses to young school-leavers in the areas of soil management, vegetable crop husbandry, irrigation and farm management. The government's aim was to provide more technical services to farmers. Although the extension officers played a positive role,¹⁰⁴ their work was severely handicapped by transportation problems. Very few possessed their own vehicle, yet they were required to travel all over the country to cater for an average of 200 farmers per extension officer.¹⁰⁵ Shortage of funds meant that the government was never able to undertake the suggestion made in the Secretariat's document to provide small 90 c.c. motor cycles for as many extension workers as possible.

Nevertheless, other, more affordable services, which were also critical to the raising of agricultural productivity and output, were undertaken with great enthusiasm. Pride of place went to education. The government was convinced that recurrent problems such as weak management, poor organization, bad record-keeping and accounting, low worker productivity and the constant use of primitive technology were products of the country's educational system. This was no less true of the agricultural sector.

Stated officially:

'Many agricultural workers, foremen and managers are comrades who have not been able to gain much education. Long ago we used to think that you didn't need education if you were going to work with your hands. Why bother to keep a girl or boy in school so long when it is land they are going to work? But today, when we are trying to bring our country into the twentieth century, it is becoming clear to us that education is necessary not only for "office work" but for every kind of work. A worker can do better work if he/she is educated: better carpentry, better road-building, better cultivation. Modern methods of agriculture demand educated workers'.¹⁰⁶

The education system, like the economic structure and policy, was seen as a colonial relic, designed to serve the purposes of the Colonial Power. Children of workers who were fortunate to attend school received elementary and ad hoc exposure to reading, writing and arithmetic - the so-called '3 R's'. Learning by rote, under the constant threat and use of the whip, became the norm for disseminating this basic knowledge. Thought, reasoning

and critical reflection on the value of the educational content were discouraged. English nursery rhymes, poetry, kindergarten songs, and events (e.g. 'London Bridge is Falling Down', 'The Cow Jumped over the Moon', and the Reform of Wilberforce) thus took precedence over local events and imagery.¹⁰⁷ Textbooks, learning aids, adequate teachers (quantitative and qualitative) and school buildings were perennial problems. So too was absenteeism and drop outs as many poor families were obliged to send their children to work to supplement the family income. But those at the apex of the society had no such problems. Their children were normally schooled and trained in the 'Mother Country'. They were also the recipients of the scholarships which were administered by the Mother Country. Gairy too was known to encourage this practice.

Bold steps were taken by the PRG to move the education system to a different path. Education policies were now based on the principles that:

- (i) education is a right of everybody, not a privilege for a select few;
- (ii) education must be a continuous and lifelong process; and
- (iii) education must be a principal factor in the creation of the new society.¹⁰⁸

Since functional illiteracy was still rampant¹⁰⁹ in Grenada the Centre for Popular Education (CPE) was established in 1980 with the goal of eradicating illiteracy among the population.¹¹⁰ Grenadians who were previously denied an education were eagerly encouraged to register with the Centre and volunteer teachers were sought. Volunteers were reminded by the Prime Minister that:

'To teach a brother or sister to read and write is a deeply rewarding task, it is a revolutionary duty for those who know to

voluntarily place their knowledge at the service of those who do not. By undertaking this task with the discipline, consistency and enthusiasm that it requires, we will succeed. We will succeed not only in teaching our fellow countryman to read and write, but through that process volunteer teachers will also learn a great deal themselves and will help to build a deeper spirit of unity, understanding and collective endeavour'.¹¹¹

Posters such as 'Each one, teach one' and 'If you know, teach! If you don't, learn' were displayed on walls all over the country.

For more formal training the PRG relied on trained teachers rather than mere volunteers. For this purpose the National In-Service Teacher Education Programme (NISTEP) to train teachers en masse was created. NISTEP was to replace the former Teacher's College which typically trained only 25 teachers per year.¹¹² Each year 500 teachers underwent a three-year in-service programme organised in three centres. The teachers visited the centres one day per week as well as for part of the vacation periods to study Language Arts, Mathematics and Education Methods during the first two years and Science, Social Studies, Agricultural Science and Health Education during the third. The other four days a week were spent in the classroom where they participated in teaching activities under the guidance of NISTEP tutors and their fellow trained teachers. NISTEP was also made responsible for the transformation of what was regarded as an irrelevant school curriculum.¹¹³ This would be developed to facilitate the needs of the society:

'We need a curriculum to practically aid our liberation, not keep us dependent on outside powers that will do nothing but exploit us. Remember comrades, that the origin of culture itself is the land, the soil, the way we produce and feed ourselves, the way we survive and grow. We need a school curriculum that points directly to those necessities, for if we do not start that process at school, our new generation will grow up ignorant and incapable of developing their greatest asset - the rich and fertile soil of our land'.¹¹⁴

This was a far cry from the days when agriculture was greeted with contempt (given its close historical relationship with West Indian slavery). Not only were agricultural chores lauded but through NISTEP even bare-foot peasant farmers could participate as teachers in the schools. This was what the Community School Day Programme (CSDP) was about. People from all walks of life in the community who had a skill were encouraged to teach it to the students on the day when their teachers were studying at the NISTEP centres.

The children of peasants and other low income earners became the principal beneficiaries of other state initiatives in education such as the provision of free milk and lunch, uniforms and free secondary education for all.¹¹⁵ For the first time children from humble background were given the opportunity to study at universities providing they satisfied the university matriculation requirements. This was due to the government's efforts to obtain scholarships and training assistance from overseas countries as well as the financial contributions to the University of the West Indies which it

restored after they were neglected by Gairy. Grenadians could now be found studying in Cuba, Kenya, Hungary and other Eastern Bloc countries as well as at the regional university. According to the Prime Minister's 1981 address ('Education is Production Too') things had reached the stage where more university opportunities were available than there were qualified Grenadians to fill them.¹¹⁶ Bishop was correct, as revealed by a worrying correspondence in 1983 by Ricard Jacobs, Grenada's Ambassador to the Soviet Union. This correspondence notes that up to March 1983 Grenada received 80 university or technical scholarships from the Soviet Union alone - 20 in 1981, 20 in 1982 and 40 in 1983. Yet, complained Jacobs:

'We have accepted 18 of which 2 of our students have given up the course. Of the remaining 16 at least 8 do not have the minimum requirements for entry to the level of education they expected to receive upon leaving Grenada.....It is much better to ask for five scholarships and fill four of them than to ask for 40 and send only four people. This gives the impression that our students prefer not to study in the USSR. It introduces a certain question mark and works in a negative way on state to state relations'.¹¹⁷

Many of these scholarship holders were being trained in agronomy. The policy of incorporating agriculture into the school curriculum also represented an important step in the direction of encouraging young people into agriculture. Ultimately it was hoped that the influx of youths into this critical sector would alleviate the labour shortages which constantly dogged farmers as revealed in the 1981 Agricultural Census report. But

apart from its technical and academic dimensions, the PRG's education policies had overt political goals. 1983 was thus dubbed 'The Year of Political and Academic Education' for in the party's view:

'Without education, no genuine people's democracy can be built since real democracy always assumes the informed, conscious and educated participation of the people. Without education, there can be no real worker participation, no substantial increase in production and productivity, no individual and collective growth, no true dignity, no genuine independence. As a nation we will in 1983 be striving collectively and individually to learn more about ourselves and our condition so that together we can forge ahead to a confident future'.¹¹⁸

The political content of the education programme was geared towards raising the ideological and cultural levels of the population. Through socialism classes educators would seek to promote the ideas of Marxism/Leninism among them until they developed a deep class consciousness. Indeed, the lack of this type of consciousness was seen as the principal cause of retreat on the non-capitalist path as evidenced by countries such as Egypt and Ghana.

Plans were also formulated (and modest efforts made) to endow the countryside with services similar to those obtained in the urban areas. Again, this was designed to make the rural areas attractive to young people. Chief among these services were electricity, improved transportation and pipe-borne water in every house. But for such services to be cost-effective in the long run attention would have to be paid first to the adequacy of existing housing facilities. According to the latest survey¹¹⁹ on housing (done in 1970): 'severe overcrowding existed in buildings that were in a

serious state of disrepair and the majority of the households were without the essential services of piped water, sewerage facilities and electricity'. Significantly (and as was to be expected) most of these were concentrated in the countryside (Table 5:11).

Table 5:11 Data on Housing in Grenada

Parish	Population	No. of Dwellings	Average size of Household
St.George's (town)	6,313	1,507	4.2
(Rest of parish)	23,547	4,923	4.8
St.John's	8,610	2,011	4.3
St.Mark's	3,942	905	4.4
St.Patrick's	11,256	2,298	4.9
St.Andrew's	22,536	4,594	4.9
St.David's	10,618	1,995	5.3
Carriacou	5,953	1,409	4.2
	92,775	19,642	4.7

Source: Ministry of Finance, Trade, Industry, and Planning, 'Housing in Grenada', (Grenada Document No.5, un-dated), p.1.

The Census noted further that many of these 'houses' were make-shift dwellings (72 per cent were made from wood, 63 per cent constructed over 20 years ago, 36 per cent had pipe-borne water, 44 per cent with electricity and 66 per cent only had access to outside [pit] toilets).

The PRG's reponse to this deplorable situation was two-fold: provision of low cost housing units which were sold to Grenadians at concessionary rates, and the introduction of a National Housing Repair Programme in 1979. The latter programme began with the provision of Ec\$ 7 million designed to grant loans to persons desirous of carrying out housing repairs. Up to Ec\$ 1,000 worth of materials could be obtained with modest repayments at only Ec\$ 17 per month interest free. Persons with income under Ec\$ 150 per month were only required to repay two-thirds of the cost over a 10-year period on an interest free basis. Again, the community was encouraged to volunteer their labour to help other Grenadians with their repair work.¹²⁰ By 1981 as many as 16,000 people obtained benefits from this programme.¹²¹ Reflecting on the importance of the project an agricultural worker, Connyhar had this to say:

'We didn't believe it when they tell us about repairing we houses, but when we see the materials come I repair my roof and one long side. Now I don't hear people saying again that Gairy union was good'.¹²²

Recognizing too that health and production go hand in hand the government also directed its attention and resources to this area: 'Like education, expenditure on Health is really an Investment because a healthy population is better able to cope with the problems of building the country'.¹²³ Appropriately enough, 14.5 per cent (Ec\$ 9.8 million) of recurrent expenditure was spent on hospitals, health clinics, and public health programmes in 1982. In his 1980 speech 'Health for All - A Right of the Caribbean Masses' the Prime Minister outlined the state of the health service which his party inherited. He also articulated clearly the philosophical foundations which would guide health policies in the new Grenada.¹²⁴

Preventative medicine was to be promoted and emphasized as opposed to curative. The former was considered to be more economical than the latter which required expensive equipment and scarce foreign exchange to import drugs of all kinds. The importance of a clean environment and the observance of hygienic practices were thus popularized through films and lectures organized by public health technicians. The mass organizations were also active in organizing clean-up campaigns in the community. Through the Grenada Food and Nutrition Council (GFNC) Grenadians were tutored into proper nutritional habits.¹²⁵ As a result of overseas assistance (especially from Cuba) medical services and facilities were dramatically improved. The incomes of private medical practitioners received a blow as it was now forbidden for them to see private patients either at or during their working hours at the government hospitals. Besides, free medical care was now provided for everybody by the government. More beds, drugs and other hospital supplies were provided.¹²⁶ Hospitals were repaired and new facilities established. In December 1979, for instance, an Eye Clinic was opened in St George's. By October 1980 each parish in the country was equipped with a dental clinic for the first time. Yet before the revolution there was only one such clinic in the whole island. This was based in the capital, St. George's.

As a result of these social advances and the PRG's deliberate policy of making them available in the countryside the farming community was better able to raise output and agricultural productivity - if only because they now lost less time travelling to the urban areas for many of these services. Besides, the provision of farm roads and feeder roads, extension services, credit, market (through the MNIB and GAI) and education were vital prerequisites for greater productivity. So too were the benefits and

incentives to workers provided by Acts such as the Rent Control Law, the Workmen's Compensation Act, the Maternity Leave Law, Trade Union (Recognition) Act and the repeal of the 'anti-worker' laws enacted under Gairy.¹²⁷ Without these provisions for farmers and their families, the gloomy scenario depicted by Coard was inevitable: low worker productivity - low profits - low wages - labour shortage - collapse of agriculture.¹²⁸

Overview of Agricultural Performance (1979-1983)

Despite the initiatives the revolutionary government took in this vital sector (see Appendix 5:A:3) agriculture performed dismally throughout the period. The depression was particularly noticeable in the performance of Grenada's traditional export crops. This is set out in Table 5:12.¹²⁹

As the table indicates, both output and prices fluctuated sharply around a downward trend. Cocoa and nutmeg - the country's two most strategic exports - recorded falling prices for every year of the revolution. In the case of cocoa, prices plummeted from US\$ 1.88 per pound in 1979 to US\$ 0.83 in 1983. Nutmeg fell less dramatically, from US\$ 0.91 per pound in 1979 to US\$ 0.61 in 1983. All in all, total foreign exchange from bananas, cocoa, nutmeg and mace fell from US\$ 19.26 million in 1979 to US\$ 11.31 million in 1983.

Although the price for bananas was fairly stable and even increased - albeit marginally - for the most part total earnings from banana exports fell progressively. Unlike the other crops the main problem faced by the banana industry was not markets but natural disasters. Between 1979 and mid-1981

Table 5:12 Grenada: Value, Volume and Unit Value
of Agricultural Exports

(Value expressed in US\$ million, volume in millions of pounds
 and unit values in US\$ per pound)

Item	1979	1980	1981	1982	1983
<u>Banana:</u> value	3.74	4.11	3.71	3.39	3.24
volume	31.03	27.46	22.41	21.17	19.53
unit value	0.12	0.15	0.17	0.16	0.17
<u>Cocoa:</u> value	10.03	6.76	7.06	4.62	4.06
volume	5.34	4.11	5.90	4.62	4.92
unit value	1.88	1.64	1.20	1.00	0.83
<u>Nutmeg:</u> value	4.60	3.16	3.02	3.02	3.25
volume	5.07	3.35	3.79	4.50	5.34
unit value	0.91	0.94	0.80	0.67	0.61
<u>Mace:</u> value	0.89	0.68	0.63	0.93	0.76
volume	0.74	0.55	0.46	0.72	0.75
unit value	1.20	1.24	1.37	1.29	1.02
<u>Fresh Fruits:</u> value	0.36	0.28	0.49	1.67	4.14
volume	1.43	0.85	1.73	5.69	15.17
unit value	0.25	0.33	0.28	0.29	0.27

Source: Ministry of Finance, Central Statistical Office, Grenada. (See also International Monetary Fund, 1984, p.59).

there were five such disasters - two hurricanes, two sets of flood rain and a heavy gust of wind which lasted for ten minutes (destroying many banana trees in its wake). In bemoaning these losses and the unprecedented incidence of disasters, Coard affirmed that they

'raise certain questions as to whether certain people are not tampering with the weather situation in the Eastern Caribbean Every time millions of our dollars have been spent since the Revolution in fixing to the best of our ability, our roads, bridges, and sea defence walls, another disaster would come and rip up all the roads again, make rivers out of them'¹³⁰

In the case of nutmegs, increased output from farmers ended up no further than the processing stations.¹³¹ Apart from shrinking demand for nutmegs (aggravated by the recession in the world economy) the stockpiling - some seven million pounds up to 1983 - was largely a consequence of the PRG's attempt to secure better prices for the product by eliminating middlemen and selling directly to users. Missions were sent overseas in search of new markets but they often returned empty-handed. In September 1983, for instance, the manager of the Grenada Nutmeg Co-operative Association, a representative of the MNIB, and Grenada's Ambassador to Venezuela, travelled to the South American countries of Argentina, Brazil, Colombia and Venezuela to solicit business. But lack of shipping facilities and the debt problems of these countries forced the team to explore other possibilities:

'... contacts were established, but the prospects of increasing sales to Argentina and of initiating sales to the other countries are still hampered by

the lack of suitable shipping connections and the serious foreign exchange problems of the countries concerned, particularly Brazil, which have forced restrictions on imports, especially of non-essential items such as spices'.¹³²

In desperation the PRG turned to the Soviet Union and accepted an unsatisfactory trade agreement in 1982 to supply 500 metric tons of nutmeg a year for the next five years on barter terms.¹³³ Although this arrangement had the potential to eliminate the stockpiles, what the PRG needed was hard foreign currency to finance its development programmes - some of which were highly import dependent (e.g. the airport). In the meanwhile Grenada ended up losing its traditional nutmeg buyers. Even after the U.S. invasion in October 1983 the Grenadian Authorities had problems persuading the Netherlands to resume business with Grenada. By this time the Authorities had also lost the contract with the Soviet Union as diplomatic relations with Russia were instantly severed following the invasion. Referring to the five-year contract with the Soviet Union Rex Dull, economist from the U.S. Department of Agriculture's Foreign Agricultural Service, had this to say:

'They were purchasing to help Grenada.

Their consumption is actually insignificant...

They were taking the nutmeg off Grenada's hand

for political reasons, and to gain political

foothold in that country'.¹³⁴

Although obtaining less revenue from the industry, the Grenada Nutmeg Co-operative Association, which was responsible for marketing the product overseas, was obliged to draw down on its reserves to keep the industry afloat and to mitigate the declining fortunes of farmers.¹³⁵ The amount

transferred in 1979 was Ec\$ 1.4 million. For 1980, 1981, 1982 and 1983 the figures were Ec\$ 1.8 million, Ec\$ 2.6 million, Ec\$ 1 million, and Ec\$ 1.4 million, respectively.¹³⁶ The situation was similar for the other traditional crops. The difficult economic situation also forced the other Marketing Boards to deplete their reserves and even to incur deficits.¹³⁷

Doubtless the PRG blamed the crisis on 'the system of imperialism'. In articulating the government's position Whiteman put it like this:

'Because of a system of imperialism ... we are losing Ec\$ 160 million a year ... We can't continue to ask farmers and workers to produce more bananas when they are only getting 5 cents of the banana dollar - we are getting Ec\$ 40 million annually for this instead of Ec\$ 200 million for exports - because prices of exports do not directly relate to spiralling costs of fertilizer and other inputs'.¹³⁸

Again they turned to the Eastern Block countries to forge new trading arrangements to supplement and ultimately supplant the exploitative West. But another shock awaited the PRG. Despite their desperation they did not hesitate to reject an offer from the German Democratic Republic (GDR) to buy Grenadian bananas at a price which was less than a quarter of what they obtained from the United Kingdom and the EEC.¹³⁹ In vain did the PRG try to obtain better terms from the GDR. The trade agreement was regarded by the GDR as 'solemn'. Grenada's ambassador to the Soviet Union, Richard Jacobs, warned that any revision of the arrangement would damage 'state to state relations' not only with the GDR but with the entire Socialist Community:

'My own view is that once the agreement is signed at that level [Heads of Government], there is no

going back and even if it is disadvantageous to us we just have to implement it. It is indecent to be seen as wanting to revise an agreement arrived by the two Heads of Government'.¹⁴⁰

On the import side and non-traditional agricultural crops, however, the results were more encouraging. Food imports as a percentage of total imports exhibited a consistently downward trend for the period 1979-1983. These were 30.6%, 28.9%, 28.2%, and 27.5%, respectively.¹⁴¹ This was largely a result of the government's import control policies (particularly taxes)¹⁴² and its education policies which encouraged Grenadians to 'buy local and eat local'.

Although structural transformation is a long-term development, by definition, steps were made to change the composition of Grenada's agricultural output. Mention has already been made of the introduction and promotion of new crops, particularly fruits and vegetables (see Table 5:12 for trends in fruit exports). Foreign exchange earnings from non-traditional agriculture reached Ec\$ 4,505,990 in 1982 as against the Ec\$ 1,432,599 figure for 1981.¹⁴³ Much of this was exported to Trinidad and Tobago where a bouyant market existed for them. So important was this trade to the then bouyant oil republic that by 1982 Trinidad had become Grenada's second largest trading partner, preceded only by Britain. In that year as much as 31 per cent of Grenada's exports was absorbed on the Trinidadian market. Fruit and vegetable exports to Trinidad escalated from 1 million pounds (at a value of Ec\$ 0.6 million) to 14 million pounds (Ec\$ 10 million) in 1983.¹⁴⁴

In conclusion, it must be stressed that despite the faltering performance of agriculture under the PRG it would not be correct to blame the government

entirely for this state of affairs. According to Joefield-Napier '... the failure of the export sector was partly due to the half-hearted attempts that were made to introduce major policy initiatives'.¹⁴⁵ Joefield-Napier refused to say what these 'major policy initiatives' should be. If by this he meant greater expenditure on agricultural infrastructure and traditional export crops this would not have made any significant inroads into the problems encountered by the PRG in this area. As we have seen, natural disaster, market shortage and declining prices in the wake of the world recession were the government's main trouble-spots. And as Thomson (1987)¹⁴⁶ demonstrates, these problems were also the lot of Grenada's neighbours. Under these circumstances it was judicious for the government to do what it did - i.e. emphasise vegetable production and other non-traditional exports rather than traditional crops.

Some analysts have also attributed the depression in Grenada's agriculture to the government's land acquisition policies.¹⁴⁷ As the World Bank Team put it:

'The future of agriculture in Grenada is closely related to the outcome of the State Farms issue. Previous administrations acquired small land holdings and supposedly neglected estates in the national interest but sometimes without mutually agreed, or even fair, compensation'.¹⁴⁸

This was less true of the PRG than it was for the Gairy regime. The former was determined to bring all idle land under cultivation to boost output. The state's direct involvement in agricultural production was a symbol of its deep commitment to increase agricultural output and agrarian transformation. Even Ambursley (1983), a staunch critic of the PRG, conceded that the regime's land acquisition policies 'clearly [did] not amount to an

expropriation and contains a number of provisions that can be used by land-owners to prevent the acquisition of their property'.¹⁴⁹ Subject to its limited resources, the government offered incentives and various forms of technical and infrastructural assistance to farmers in the hope that they would boost their output. For success in this sphere (economic) was of critical importance to the path of non-capitalist development.

1. Radio Broadcast Address by Prime Minister Maurice Bishop, March 13, 1979.
2. See 'Line of March address' in Seabury and McDougall, 1984, op. cit., pp63-65.
3. Cited in Granma Weekly Review, July 12, 1981, p4.
4. See 'Line of March address', op. cit., p75.
5. People's Revolutionary Government, Report on the National Economy for 1981 and Prospects for 1982, (St. George's, Grenada, 1982) p59.
6. Author's interview with Staff at the Ministry of Finance, Grenada, June, 1987.
7. A.D. Qureshi, 'Social Development and Planning in Grenada', cited in C. Kirton, 'Attempts at Economic Planning in the Early Stages of Transition ...', p25.
8. Understandably no fully worked out methodology for planning the economy was developed under the PRG, given the short tenure of the administration and the length of time required to put into place the various preconditions for effective planning in a newly independent country. However, attempts were made to utilize the input-output method. At the enterprise level emphasis was placed on plan proposals for INVESTMENT, LABOUR, and TECHNICAL and MATERIALS SUPPLIES. The basic idea was to ensure that national output is compatible with the availability of inputs.

Details of this approach in the Grenadian context are outlined in a government document (written in 1982) bearing the title 'System For Planning Grenada's Economy'.
9. See Government Document No. 56, 'Planning in Grenada: Problems and Prospects' for further details.
10. Interview with Bernard Coard, 'The Process of Trying to Build a New Economic and Social Development' in The Courier, No.61, (May-June 1980), p27.
11. See PRG, Report on the National Economy for 1982 and the Budget Plan for 1983 and Beyond, (St. George's, Grenada, 1983).
12. PRG, 'Revised Economic Memorandum on Grenada', (June 14, 1982), pii.
13. Cited in C. Searle, 'Grenada's Revolution: An Interview with Bernard Coard', Race and Class, Vol. 21, No.2 (1979), p179.
14. See 'Line of March Address', op. cit., p75.
15. B. Coard, 'National Reconstruction and Development in the Grenadian Revolutionary Process', Speech made at the First International Conference in Solidarity with Grenada at St. George's, 23-25 November, 1981, in PRG, Grenada is not Alone, (St. George's, Grenada, 1982), p45.
16. G. Louison, Minister of Agriculture, 'The Role of Agriculture in the Revolution', Speech of November, 1981, in Grenada is not Alone, p95.

17. B. Coard, 'National Reconstruction and Development in the Grenadian Revolutionary Process', 23-25 November, 1981, in Grenada is not Alone, p44. Coard's emphasis.
18. This fragmentation results in part from the piece-meal basis on which farmers acquire their land. Very few can afford to purchase large, economic tracts even when they are offered for sale.
19. A more detailed discussion of this theme can be found in J.S. Brierly, Small Farming in Grenada, West Indies, (Manitoba Geographical Studies, University of Manitoba, Canada, 1974).
20. Ministry of Finance, Trade, Industry and Planning, 'Agricultural Census - Final Report on Grenada Agricultural Census', (Government Printing Office, St. George's, Grenada, 1982).
21. The findings of a later survey (albeit on a smaller scale), undertaken in 1986 by the Caribbean Agricultural Extension Project (CAEP) and the Ministry of Agriculture in Grenada, were directly complementary to those of the 1981 Census. See Dunstan Campbell, ed., 'Farming Systems in the Eastern District of Grenada: Report of a Rapid Reconnaissance Survey', (June 1986).
22. That is the East, West, North, South (of Grenada) and Carriacou/Petit Martinique.
23. Farmers were asked to identify from the following (up to 2) which were the most acute problems for them - praedial larceny, planting material, marketing, extension help, labour, water, roads, diseases, and credit.
24. See 'Final Report on Grenada Agricultural Census', p46.
25. The findings of the Census were put into sharper focus by an aerial survey which was carried out by the Ministry of Agriculture in 1982. The photographs from the survey indicated clearly how land was utilized in the country.
26. See FAO, 'Assistance to Agricultural Development - Grenada', (Rome, 1982), p4.
27. FAO, *ibid*, p4.
28. FAO, *ibid*, p5.
29. Caribbean Development Bank, 'Grenada Farms Corporation - Agricultural Development - Grenada', (1982), p4.
30. G. Louison, 'The Role of Agriculture in the Revolution', in Grenada is not Alone, p100.
31. See PRG, Grenada: The People's Laws, (Government Printing Office, St. George's, Grenada, 1981).
32. For a discussion of the case for developing a class of 'business farmers' in the Caribbean, see J.R. Mandle, 'The Role of Agriculture in Self-reliant Development', (Social and Economic Studies, Vol.34, No.2., 1985).

33. Inter-American Institute for Co-operation in Agriculture, *ibid.*, p5.
34. P. Green, 'Case Study of Grenada farms Corporation', paper presented at National Workshop for Public enterprises in Grenada, (St. George's, Grenada, 31st January to 11th February, 1983), pp24-25.
35. See PRG, Grenada: The People's Laws, (1981), p114.
36. The Commission could still declare the land to be 'idle' if it was fully cultivated by 'unsuitable' crops. To avoid a lease the owner would have to comply with the crops recommended by the Commission. If false information was given to the Commission the individual could be fined up to EC\$500 or imprisoned (with or without hard labour) for up to 1 year. See The People's Laws, 1981, p111.
37. See 'People's Law No. 48 of 1982' in The Grenada Laws, (St. George's, Grenada, 1982), pp242-243.
38. See G. Sandford and R. Vigilante, Grenada: The Untold Story, (Madison Books, Lanham, New York, London), pp79-80. The authors base this claim on documents which were confiscated by the US in the wake of the political crisis of October 1983 (document captioned 'Ideas Concerning Land Reform, GD 002600, un-dated as well as notes from 'SG', October 12, 1980). See also 'Minutes of the NJM Central Committee Plenary', (13-19 July 1983), in Seabury and McDougall, 1984, *op. cit.*, p273.
39. Author's interview with personnel at the Caribbean Development Bank and in Grenada (May-June, 1987).
40. It must be recalled that before 1979 The New Jewel Movement had thrived on Gairy's contemptible practice of confiscating land from those who were deemed to be disloyal to his regime. Indeed, they were at the forefront of those who denounced this policy.
41. World Bank, 'Economic Memorandum on Grenada', (preliminary report, April 1982), p12.
42. Up to the third quarter of 1982 the agricultural sector received as much as 67 per cent (i.e. EC\$630,221) of the total amount of funds disbursed by NACDA. See Ministry of Finance, 'An Analysis of the New Co-operative Societies 1979-1983', (St. George's, Grenada, 1983), p4.
43. PRG, Report on the National Economy for 1981..., pp41-42.
44. As an example of the severity of this problem Coard pointed out that the GFC was not even able to provide the Ministry of Planning with basic information about itself to enable the Ministry to make plans for 1983. In the end the Ministry had to send its own staff to take stock on all the farms 'managed' by the GFC. His dismay at this pathetic state of affairs is evident in his remark 'If you do not know how many trees you have, if you do not know where you are, you cannot say where you are going'. See Report on the National Economy for 1982 ..., p51).
45. Most of these workers worked for only 3-4 hours per day yet they were paid for a full day's work - albeit at the pitiful sum of EC\$8.50 or just under £2 per day. (See Green, 1983, p29).
46. See PRG, Report on the National Economy for 1982..., pp50-51.

47. Cited in Report on the National Economy for 1982...., p31.
48. See 'Analysis of the New Co-operative Societies, 1979-1983', p4. It may also be noted that the co-operatives did not succeed in making a significant dent on the unemployment problem. Up to mid-1983, they employed a mere 0.4 per cent of the total labour force, i.e. 45 workers in agriculture, 39 in manufacturing, 40 in construction, and 32 in services (see pp4-5 of 'Analysis of the New Co-operative Societies').
49. See G. Sandford, and R. Vigilante, op. cit., p23.
50. (Grenada Document), 'Notes from 'SG'' (dated October 10, 1980, October 22, 1982, and November 25, 1982). See, also, Report on the National Economy for 1982...., for further information on the limitations of small scale agriculture even when the ultimate goal is not construction of socialism.
51. PFU denotes Productive Farmers Union. It was conceived as a mass organisation which would be active in the small-farming community.
52. See (Grenada Document 111-10), 'Central Committee Resolution on Agriculture', (January, 1983) in Seabury, P. and McDougall, W., op. cit., pp119-120.
53. See (Grenada Document, 111-9), 'National Service and Labour Army,' in Seabury and McDougall, op. cit., pp114-118.
54. 1 hectare is equivalent to 2.471 acres.
55. Plans were also made for GFC workers to participate in the Mardi Gras Programme which was funded by the UNDP. This programme provided training to Grenadians in soil and water conservation techniques.
56. See PRG, 'Emulation is the seed that Brings the fruit of Excellence', Address by Prime Minister Bishop, (St. George's, Grenada, 1981), pp1-4.
57. PRG, To Construct from Morning: Making the People's Budget in Grenada, (Fedor Publishers, St. George's, Grenada, 1982), p29.
58. Of the 8 trade unions in the island, three were outside the control of the government - the Public Worker's Union, the Grenada Union of Teachers and the Technical and Allied Workers' Union. These were to pose a major threat to the PRG given their militant demands for substantial wage increases - increases which the Treasury could not afford.
59. The trap was made from local breadfruit wood. The wood has a gum and sweet scent. The beetles were attracted to the gum. A triumphant Coonyahr boasts of his success in the following words:

'I once collect in a bottle two hundred and something in a day. Now I can't even find one! They get scarce because I kill the majority of them. I want to hold the mother and father now, so the children can't come again! And other workers from other estates

come around here from all around the island, and schoolchildren too, from St. David's, Happy Hill, St. George's, Grenville - all these come already to see the trap. And now they using it themself on their estates' (PRG, In the Spirit of Butler: Trade Unionism in Free Grenada, (Fedon Publishers, St. George's, Grenada, 1982), p65.

60. See M. Bishop, 'Work Towards Integrated Agricultural Development and Regional Co-operation', Speech of November 10, 1980, in Maurice Bishop Selected Speeches 1979-1981, (Casa de las Americas, Havana, 1982 a), p170.
61. See PRG, In the Spirit of Butler: Trade Unionism in Free Grenada, (St. George's, Grenada, 1982), pp56-62, for a further exposition on the state's attempts to improve the conditions of agricultural workers. The report is compiled by Fitzroy Bain, President of the Agricultural and General Workers' Union - i.e. the union which represented this category of workers. Mention should also be made of the National Insurance Scheme which was introduced by the PRG in April 1983. The Scheme provided various forms of benefits (including sickness, invalidity and maternity, retirement and survivors' pensions, old age and funeral grants) to its members - many of whom were employees in State Enterprises.
62. The MNIB is a statutory organisation and was first established in 1973 under Gariy's Administration.
63. See A. Vahčić, 'The Grenada Marketing and National Importing Board', 'Quarterly Journal, vol.3, No.4, International Center for Public Enterprises in Developing Countries, Ljublijana, Yugoslavia, 1983), pp 64-65.
64. See Report on the National Economy for 1982..., p.62. See, also, the 1981 Agricultural Census Report for the distribution of produce by district and for Grenada as a whole among the MNIB and other Marketing outlets. According to the data 7.92% of non-agricultural produce is marketed by the MNIB, 21.2% by Traffickers, 29.5% by Central Markets and 41.2% by makeshift outlets in the village.
65. This call for more MNIB depots was one of the most frequent recommendations made at the Zonal Councils on the Economy: 'MNIB should establish contacts in all villages to co-ordinate the availability of crops in the different villages in order to prevent the problem faced by farmers in carrying produce to MNIB and those not accepted'. See PRG, 'Suggestions and/or Recommendations, Zonal Councils on the Economy', (February 25th - March 9th, 1983, Workshop No. 2), p2.
66. As a result of structural and seasonal factors Grenada was never able to produce a regular and reliable supply of this product despite the guaranteed market for it. This does not augur well for the procurement and development of future trading contracts. Buyers like to be assured of a constant, timely delivery of high sustainable quality product.
67. See K. Radix, 'Industrialization Prospects in Grenada', Address made at the first International Conference in Solidarity with Grenada, in (Grenada is not Alone, 1982), p67.

68. Author's interview with the produce chemists at the laboratory and personnel at the CDB, May-June, 1987.
69. See K. Radix, *ibid.*, p67.
70. For example, it was common for 4 ounces of jam to be bottled in containers designed for 16 ounces. Cans, bottles, and packaging materials accounted for as much as 50 per cent of the cost of production of GAI's products. These were mainly imported from Trinidad (author's interviews with Dr. Radix and Dr. Marcelle, chemists, at the Produce Laboratory, Ministry of Agriculture, June 1987).
71. Production was sometimes hampered for long periods since, in some instances, parts had to be specially designed for these machines - many of which were out-dated. The machines originated in the Eastern Bloc Countries (author's interviews, see footnote 70 above).
72. PRG, Report on the National Economy for 1982 ..., p57. It should also be noted that Grenadians travelling overseas, especially hoteliers, and other prominent visitors to the island were also relied on to promote these products abroad. Many were urged to bring boxes of nectors, juices, etc. with them as a means of showing solidarity with the Revolution. The challenge was sometimes reluctantly accepted as it was not always easy to sell these products. Like the MNIB, many Grenadian Embassies overseas held 'stockpiles' (author's interviews with Grenadians at the Ministry of Agriculture, June 1987).
73. Author's interview with Dr. Radix, produce chemist, in June 1987.
74. The Coffee Processing Plant and Grenada Sugar Factory mirrored many of the problems encountered by GAI (see Report on the National Economy for 1982 ..., pp57-58). Referring to the problems of the former Coard, noted 'supplies of raw coffee are limited. We have to rely on importing beans from abroad. Our own farms need to produce more. [also] ... we have not yet made enough headway with selling this product abroad' (*ibid.*, p57).
75. The target of the company in 1982 was \$EC947,900 worth of fish catchment. Only \$175,200 was attained - a figure which was insufficient to meet its own expenses for 1982 let alone providing revenue to the government.
76. Report on the National Economy for 1982 ..., pp53-54.
77. See Vahčić, op. cit., pp69-74.
78. Report on the National Economy for 1982 ..., p62.
79. See also Report on the National Economy for 1981 ..., pp30-31 for data on the import of rice, sugar, and cement.
80. See Ministry of Finance, Trade, Industry, and Planning, 'Economic and Social Survey: Agriculture', (GD93, undated), p7.
81. Report on the National Economy for 1982 ..., p52.
82. *ibid.*, p52.

83. See project document 'On the Utilization of the MT Hartman Valley for Integrated Animal - Vegetal Production with Self-sufficiency in Energy', (Ministry of Agriculture, Grenada, 1982). Interestingly the key technicians for the implementation of the project were all non-Grenadians. Again this reflects the seriousness of skilled manpower in small, under-developed countries like Grenada.
84. B. Coard, 'National Reconstruction and Development', in Grenada is not Alone, p42.
85. Report on the National Economy for 1981 ..., p28.
86. Caribbean Development Bank, 'Global Line of Credit to the Grenada Development Bank', (CDB Documentation Centre, Barbados, 1980a), p10.
87. The current Manager, Mr Ronald Charles, informed me that the GDB still had no one who is capable of formulating and conducting feasibility studies. There were vacancies but again the skill was lacking. In fact, he, tried to convince me to apply for one of these vacancies. (Author's discussion with Mr Charles, June 1987).
88. CDB, *ibid.*, p13.
89. B. Coard, 'National Reconstruction and Development ...', p42.
90. Author's interview with officers at the GDB, June 1987.
91. CDB, *ibid.*, p10.
92. Interest was to be 4 per cent per annum. See [CDB, *ibid.*, pp23-30] for other terms and conditions.
93. Author's interview with Mr Cruickshank, Head of the Agricultural Unit at the CDB, May, 1987.
94. CDB, *ibid.*, p16.
95. The road system in the island has remained unchanged since major construction ended in the 1930s. And this was despite the floods and hurricanes which hit the island over the years. See CDB, 'Pre-investment Study - Road Construction, Grenada' (CDB Documentation Centre, 1980b) appendix ix, pii.
96. Report on the National Economy for 1982 ..., p159. Also, author's interview with staff at the CDB in May 1987.
97. Report on the National Economy for 1982 ..., p159.
98. See G. Louison, op. cit., p97.
99. Like the other State enterprises, this corporation had its problems. Apart from inaccessible roads it suffered from incomplete knowledge of forestry resources, lack of appropriate technology and market intelligence.
100. During my interviews with farmers in Grenada, the consensus was that this problem was incurable. As one group of farmers in Grenville put it 'It is in the nature of some people to reap what others sow

since reaping is easier than sowing'.

101. See PRG, 'Conference of Delegates from Mass Organisations on the Economy: Suggestions and/or Recommendations', (February 24, 1983), p3.
102. The CIDA programme aimed to replant 20,000 cocoa trees over an eight-year period. See IMF, 'Grenada: Recent Economic Developments' (1984), p4.
103. See M. Bishop, 'Work Towards Integrated Agricultural Development ...', pp177-178.
104. For example, it was they who initiated the practice of field packing in the banana industry. This practice has been found to be very effective in improving the quality and yields of bananas. Unlike the other WINBAN territories which pack over 70 per cent of their bananas in the field, Grenadian farmers (by 1983) were only packing 28 per cent of their bananas in the field. This was a contributing factor to the greater fortunes of banana producers in St. Lucia, St. Vincent and Dominica. See Thompson, R., (1987), op. cit., and IMF, (1984), op. cit..
105. See Commonwealth Secretariat, 'Grenada - The Development of Agriculture and fisheries to Improve food supplies and Nutrition', (Commonwealth Secretariat, London, 1982), p6.
106. Report on the National Economy for 1982 ..., p47.
107. See C. Searle, Grenada: The Struggle Against Destabilization, (Writers and Readers, London, 1983), for an interesting and thorough discussion of this point. Searle also discusses the cultural revolution which the PRG sought to bring about.
108. M. Bishop, 'Education is Production Tool!', Speech made in St. George's on October 15, 1981, in Maurice Bishop, Selected Speeches 1979-1981, (1982a), p234.
109. As much as 45 per cent of the population was estimated by the government to be illiterate. These were mainly the people engaged in productive activities. See Free West Indian, April 26, 1980, p1.
110. See the Centre's Teaching Manual 'Education for true Liberation and Economic Independence' for more specific information on the aims and objectives of CPE, the teaching materials used, structure of CPE, and other details on the Centre.
111. M. Bishop, 'Education is Production Tool!', p165.
112. Through NISTEP the problem of teacher shortage was expected to be eliminated in a matter of years. In 1977/78 only 38 per cent of the 752 primary school teachers in the island were trained. In 1978/79, the figure was 39 per cent (or 298). For 1979/80 it fell to 33 per cent. It fell even further in 1980/81, i.e. to 30 per cent or 235 teachers. See UNESCO, 'Education Sector Survey: An Analysis of the Education and Training System and Recommendations for its Development', (UNESCO, Paris, 1982), p9.

113. A Young Scientists' Club was to be set up in every school in the island. The aim was to expose children to scientific activities from an early age, 'To make science a part of their lives' (Report on the National Economy for 1982 ..., p121).
114. M. Bishop, 'Education is Production Too!', pp239-240. Emphasis is in the original.
115. Many schools were also repaired, several built, and more furniture provided. As much as 22.5 per cent of Grenada's recurrent expenditure was earmarked for education in 1982. The figure in 1981 was 21.3 per cent. Note, total recurrent expenditure in 1982 was \$EC 67.6 million, a 6 per cent increase over the 1981 figure (see Report on the National Economy for 1982 ..., p14).
116. M. Bishop, *ibid.*, p235.
117. Embassy of Grenada in the USSR, Report from W. Richard Jacobs, captioned 'Grenada's Relations with the USSR', (Un-numbered Grenada Document, March 1983).
118. B. Coard, Revolutionary Grenada: A Big and Popular School, speech made at the London University Institute of Education' on July 1st 1983, (Spider Web Printery, London, undated), pp20-21.
119. A more recent survey was conducted at the end of 1980 but the author was unable to locate it. However, as Government Document No.5 noted the housing situation was likely to have deteriorated further by 1979 since unemployment was notoriously high during the 1970s, most Grenadians could not afford bank loans, high cost of building materials, and limited activity in the construction sector. In June 1977, according to a U.N. Study, housing requirements were put at 1,047 per year for the next 14 years. Few, if any, were constructed between 1977 and 1979. See 'Housing in Grenada' for further details.
120. The repayment from beneficiaries under the scheme were planned to be ploughed back into the project so that it would continue to improve the country's housing problem. The programme was initially funded by the local commercial banks and EC\$250,000 from a grant received from O.P.E.C. Funds were also sought to provide loans to farmers so that they could build adequate houses on their own land and in the vicinity of their farms (hence they would spend less time to travel to work).
121. See Report on the National Economy for 1981 ..., p18.
122. See PRG, 'In the Spirit of Butler ...', p64.
123. Report on the National Economy for 1982 ...', p14.
124. M. Bishop, 'Health for All - A Right of the Caribbean Masses', speech made in July 1980 at the sixth meeting of CARICOM Conference of Health Ministries in St. George's, in Selected Speeches 1979-1981, especially pp150-156.
125. See the Commonwealth Secretariat Report, op. cit., for background information on the GFNC, especially its functions and objectives—discussed in chapter 1 of the document.

126. According to Prime Minister Bishop 'The hospitals in Grenada prior to the revolution were regarded as extensions of the funeral agencies. You literally went there to die. Even the most basic items ... bandages, aspirins, sheets, X ray machines were never working' (The Nation, Barbados, 14th November, 1979, p16).
127. The Maternity Leave Law was an important advance for women. For the first time employers were legally compelled to retain the jobs of female employees until the expiry of their maternity leave. They were also obliged to pay them a full salary for their three-months leave. Any violation of these terms could mean imprisonment up to one year or a fine of EC\$2,000 (see 'In the Spirit of Butler: Trade Unionism in Grenada', Appendix 4 for the other clauses of this Law and the other 'pro-worker' Laws). Appendix 2 of the same document also contains an article from the Free West Indian, dated 2nd May 1981, captioned 'Boss Fined For Firing Pregnant Worker'. With the Rent Control Law a Landlord could also be taken to court if he violated the Law. If found guilty, he would have to pay back the overcharged rent. In addition, he could be fined or imprisoned. See PRG, Is Freedom We Making! The New Democracy in Grenada, (Government Information Service, Grenada, 1982), p10, for further details.
128. Report on the National Economy for 1982 ..., p48.
129. See also Report on the National Economy for 1982 ..., pp25-28 and World Bank, 'Economic Memorandum on Grenada', (Vol.1, 1984), pp10-15.
130. B. Coard, 'National Reconstruction and Development ...', p33.
131. According to Errol Berkely, Grenadian agricultural economist based at the Caribbean Development Bank, output of traditional agricultural produce was doubtless greater than what is depicted in Table 5:15 since the figures in the table measure only output marketed by organised marketing outlets, e.g. the MNIB and the Nutmeg Board. It is difficult to measure the 'unorganised' trade with hucksters and other produce transported by boats to the important Trinidad market. Mr Berkeley also made the insightful remark that since prices for some of these produce had dropped so sharply, there was not much incentive for farmers to market all their produce given the costs of harvesting, transportation and the uncertainty of markets. The data in the table must therefore be interpreted with caution (Author's interview with Mr Berkeley in May, 1987).
132. Grenada Co-operative Nutmeg Association, 'Financial Statement and Report of the Nutmeg Board for the period ended 30th June, 1983', (St. George's, Grenada), p18.
133. This was a major initiative to eliminate the middlemen who previously reaped enormous profits from Grenada's nutmeg industry. Referring to the background to this trade agreement with the Soviet Union, Coard had this to say: '... what we discovered in the first year of the Revolution when the Soviet Trade Delegation visited Grenada is that the exact quantity of nutmegs which the Soviet Union buys from Holland every year happens, by sheer coincidence, to be the exact quantity of nutmegs which Grenada sells Holland every year. Holland has no nutmegs trees, I might add - it's the wrong

climate. So we are just having the middlemen in fact making money out of us' (Interview by Chris Searle with Bernard Coard on Radio free Grenada, Building the Economy, February 13th, 1983, (Spider Web Printery, London), p39.

134. See The New York Times, Sunday, January 22, 1984, 'Nutmeg Diplomacy in Grenada: The Aftermath of Invasion'. See also the Trinidad Express, Thursday, October 22, 1981 'Revolutionary Policies have backfired'. In words similar to Dull's, the article noted 'The snag was that the nutmeg is a luxury item which the Soviet Union does not need. When pressed, they agreed to buy nutmegs from Grenada but on condition that Grenada took Soviet goods in exchange'.
135. The Commodity Boards operate an internal 'price stabilization programme'. When the price of the traditional exports is high, the Boards which market the farmers' produce retain a part of the proceeds to form a 'Reserve Fund' to cushion price decreases. To protect the farmers' income the PRG re-organised the membership of the Commodity Boards. Instead of the members previously handpicked by Gairy, it now nominated members which it deemed to be capable of advancing the interests of small farmers.
136. See Grenada Co-operative Nutmeg Association, 'Financial Statement and Report of the Nutmeg Board', (select years).
137. See IMF, 1984, pp4-5.
138. Trinidad Express, March 3rd, 1981, 'Grenada Underpaid on Export Markets'. Whiteman was making reference to the banana industry in particular. But the charge was general as evidenced by similar remarks in various government documents. For e.g., see B. Coard, 'National Reconstruction and Development...'.
 139. See A. Payne et. al., op. cit., p114. See also Sandford and Vigilante, op. cit., p92.
140. 'Grenada's relations with the USSR', p6.
141. See Report on the National Economy for 1982 ..., p25.
142. See Chapter 7 below for information on some of these tax measures.
143. Report on the National Economy for 1982 ..., p28.
144. See IMF, 1984, p5.
145. W. Joefield-Napier, 'Macroeconomic Growth During the People's Revolutionary Government's Regime: An Assessment', Paper Presented at the Conference on Democracy, Development and Collective Security in the Eastern Caribbean: The Lessons of Grenada, sponsored by the Caribbean Institute and Study Center for Latin America of Inter American University of Puerto Rico, San Germán, Puerto Rico, October 17-19, 1985, p24.
146. See R. Thomson, Green Gold Bananas and Dependency in the Eastern Caribbean, (Latin America Bureau, London, 1987).
147. See Sandford and Vigilante, op. cit., p85, and World Bank, 1984, Vol.1, p36.

148. World Bank, *ibid.*, p36.
149. F. Ambursley, 'Grenada: The New Jewel Revolution' in F. Ambursley and R. Cohen (eds.), Crisis in the Caribbean (London: Heinemann, 1983), p209.

Chapter Six

TOURISM IN REVOLUTIONARY GRENADA

Tourism as a Vehicle for Development

Few, if any, would disagree with the proposition that tourism can play an important role in economic and social development. This is particularly true for small, underdeveloped economies such as those in the Caribbean. Apart from the physical handicaps of (small) size - especially a narrow and limited configuration of resources - these countries suffer from the usual problems associated with the export of primary products. These include adverse terms-of-trade conditions and unstable markets (which imply that foreign exchange receipts are also uncertain).

Tourism, on the other hand, is characterised by fairly stable and predictable prices. These prices are largely determined by the host nation. Additionally, the tourist product is more income-elastic than raw material exports.¹ That is, increases in income of potential visitors can generate a significant impact on tourist arrivals and spending. For the earnings from primary exports to increase commensurately, larger increases in income are required. By complementing other exports, tourism can also play a

useful role in the diversification of the export base of underdeveloped countries and hence help to stabilize foreign exchange earnings. Apart from generating desperately needed foreign exchange, tourism has the potential to provide jobs and fiscal revenues to the host country. It is also worth noting that trade in physical, tangible merchandise is more vulnerable to protectionist policies than the tourism trade, especially visitors from the Western bloc.

For the Caribbean region one of the best known studies on how tourism can contribute to the process of economic development is the Zinder Report on the Future of Tourism in the Caribbean (1969).² Although the data on which this Report is premised is out-dated, the main arguments contained in it are worth pointing out since they are still widely accepted in the region.

The estimated economic impact of the industry is set out below in Appendix 6:A:1. An indication of the size of the 'multiplier effect' can be gained from dividing column two by column one. This yields a figure of 2.3 implying that for every dollar that the tourist brings into the host economy, two dollars and thirty cents of economic activity is subsequently generated. To state what should be the obvious, the credibility of this multiplier coefficient depends upon the reliability of the data used³ and the method used for calculating the multiplier. That the size of the multiplier is the same for the eight territories (despite the different characteristics⁴ of significant aspects of their tourism product) is enough reason to be suspicious of the accuracy of the study. One becomes even more suspicious when the authors record that tax revenue in each of the islands was exactly 15 per cent of the estimated total contribution of tourism to national income. Wages, too, were exactly 25 per cent of the total impact on national income in each of the territories.⁵

The authors argued that the multiplier and its attendant benefits would be substantially higher were it not for the structural constraints of the economies under consideration (i.e. limited diversification and a heavy import orientation). In their view multiplier models 'normally generate multipliers ranging from 3.2 and 8, depending on the types of economies.⁶ The crudeness of this remark and their 'multiplier model' has not escaped the attention of critics Levitt and Gulati, (1970),⁷ and Bryden and Faber (1971)⁸ who rightly questioned Zinder's knowledge and understanding of the Keynesian theory of income multipliers.

The Report also contained a wide ranging number of short term, two year 'action programmes' (as they termed it) and long-term recommendations on how the tourism industry should be developed.⁹ Foreign investment figures prominently in these recommendations. In particular, the governments in the region are advised to offer generous packages of incentives to attract foreign capital in this sector (duty free imports on all inputs, tax holidays for 'a minimum of 5 years and much more preferably, 10 years', freedom to repatriate profits, interest and capital, importation of skilled personnel for supervisory and training positions, gambling concessions¹⁰ and freedom to import essential consumption items).

Zinder also recommended the establishment of Tourism Promotion Agencies who, apart from being responsible for market research in this area and developing new tourist activities (especially during the 'dead' part of the tourist day and off-season period), are urged to educate the host population about tourism and to 'show them how they benefit'.¹¹ They must ensure that tourists 'are properly treated and handled from the time they reach any island until they leave it'.¹²

Specific recommendations were also made for each of the territories of the Eastern Caribbean. Those which relate to Grenada are worth highlighting. Among the island's principal assets the Report stressed its excellent beaches (some with the rare combination of sand and surf), good climate, varied scenery, 'a good attitude toward tourism as a business', a perfect haven for boating, fishing, and swimming - located as it is at the Southern Anchor of the chain of the Grenadine islands.¹³

The Report went on to point out the severity of the constraints on tourism development in Grenada. (This section is particular important to the ensuing discussion in this chapter since it is an independent assessment of the magnitude of the challenges which confronted the PRG on this front). Among the obstacles they emphasised (i) the lack of a well-defined national tourism development programme,¹⁴ (ii) an un-developed tourism board, plagued with financial problems and under-staffing, and (iii) infra-structural bottlenecks, particularly roads,¹⁵ and airport facilities.

The Report's suggestion for dealing with Grenada's 'airport problem' contrasts so sharply with the measure adopted by the PRG that it is worth noting it in full. In their view re-location of the airport at Pearls is not the solution to the problem. As they affirmed

'...it would be a real help to tourism, but probably not a decisive one. And the capital required might better be used in other ways, for example, on road improvements and other forms of infrastructure that will have to be overhauled as tourist numbers mount. If the proposal to relocate the airport is to permit jumbo jets to land, we don't feel that tourism

should be used as the reason. Fast shuttle service to Port of Spain, Barbados, and the other islands should be adequate, at least until Grenada has gotten a good grip on the tourism situation. But certainly, the existing air terminal needs to be replaced'.¹⁶

This is just one of the many useful suggestions made in the Zinder Report. Indeed, the Report has dealt with many of the issues which are germane to the development of tourism on a mass scale - especially on the scale envisaged by the PRG. Tourism planners, for instance, can learn much from Zinder's ingenious suggestions for solving the 'seasonality problem' which is a cardinal feature of the tourism industry. These include the diversification of the use of buildings, encouraging special interest groups to visit, promoting honeymoons, granting of concessionary rates for tourism services, and greater co-operation between hotel operators. For example, they suggested that six or seven hotels could take turns in hosting a special entertainment and dinner party on a particular night - and invite guests from all the other hotels. This would give the tourist the opportunity to see six or seven different shows per week and enjoy the meals of six or seven different chefs.¹⁷

But the Zinder Report has been extensively criticised in academic circles. The main line of attack has been directed at the size of their multiplier coefficient and the method used to compute it. In this regard Levitt and Gulati charged: '...the basic fallacy of the Report stems from the fact that the authors do not appear to understand the elements of the theory of income multipliers'.¹⁸ In a similar vein, Bryden and Faber wrote '... the Zinder tourist multiplier bears very little relation, as it is used here, to any

multiplier employed by Samuelson or any other competent economist'.¹⁹ The critics demonstrated that Zinder's multiplier is, in fact, 'a measure of dollars changing hands' which is not the same thing as an 'income multiplier'.²⁰ This is the error of double counting or what Bryden and Faber termed 'multiplying the tourist multiplier'. Besides, the authors of the Report failed to allow for import leakages in the tourism sector. The extent to which Zinder et al exaggerated the tourist multiplier can be judged from the estimates provided by the critics. Using the same data Levitt and Gulati arrived at a figure of .84 (rounded off to 1), implying that \$1,000 of tourist receipts creates approximately \$1,000 of local income. In a similar fashion, Bryden and Faber obtained an income multiplier of between 0.6 and 0.76 ('depending on the precise assumption adopted regarding the effect on cost structures') for the Eastern Caribbean island of Antigua. In commenting on their multiplier they noted:

'We would not wish to imbue with spurious accuracy any estimate of a coefficient so vague conceptually even if it is founded on more rigorous data than that presented by Zinder. What can be asserted strongly, however, is that the relevant tourist multiplier is extremely unlikely to be as high as 1.00 in most of the Eastern Caribbean Islands, and is certainly nowhere near the value claimed for it by the Zinder Report'.²¹

Doubts have also been raised on the extent to which tourism can serve as a significant generator of employment.²² Although stressing the importance of tourism in this regard, the Zinder Report made no attempt to estimate the number of jobs attributable to this sector. This probably had to do with

the unavailability of reliable data and methodological problems. Conceptually, however, one would expect an estimate for the 'employment impact' of tourism to be a less formidable task than attempting to compute an income multiplier for the entire industry. It is also possible that there may be a causal relationship between income generated by tourism and employment in that sector but this relationship may not necessarily be perfect. A lot depends on how labour-intensive the particular type of tourist activity is. According to Bryden (1973):

'It is true that hotels and other tourism services require employees and possibly²³ acceptable that the ratio of employees to hotel beds or rooms is likely to be higher in developing countries than developed countries. What is less acceptable is the inference that tourism has special advantages in this respect, especially when the whole gamut of investments required to establish a tourism sector are taken into account, including relatively capital-intensive and tourist-specific infrastructure. Furthermore, one must be aware of the possibility that at least certain categories of labour used in the tourist industry will tend to have a high opportunity cost'.²⁴

To extend Bryden's argument further we should also stress that even if the jobs created at the managerial and professional level are not filled by drawing skilled labour from other sectors of the economy, a significant cost may be incurred by the host society if managerial posts are absorbed by out-

siders (which is usually the case in the Caribbean). The argument about the 'opportunity cost of labour' is not just confined to skilled labour but it also has an important bearing on the 'informal sector' of the economy, particularly unskilled labour in that sector. Apart from the direct employment created in the hotel sub-sector (hotels, restaurants and catering establishments) workers are also engaged in tourism-led construction activities, maintenance of hotel facilities (painting, cleaning swimming pools, etc.), entertainment complexes (e.g. night clubs), transport services, and the like. If these workers are attracted from other productive activities (say agriculture), perhaps by marginally higher wages, then this is a clear cost to the host society.²⁵ But if these workers were previously unemployed or employed on a part time basis then tourism may play a useful role in creating jobs and make for a fuller utilization of the labour force.

Another consideration is the highly seasonal nature of employment generated in tourism. This may be of some obvious benefit to those who only require seasonal employment such as students, some housewives, retired workers, and others desirous of part-time employment. But if unemployment is an intractable problem in the economy tourism may not offer any permanent panacea to the problem.

What the foregoing implies is that before planners embark on massive investments in tourism they should first of all carry out in depth studies to determine the economics of tourism development - bearing in mind the magnitude of the leakages associated with the sector, questions relating to the types of job opportunities which are available in the tourist industry, the extent to which the local population possesses these skills, the capital investment required to create employment in that sector vis-à-vis the

capital investment to create jobs in manufacturing and other un-developed sectors, the opportunity cost of the land which is used to develop tourist facilities and the significance of the future of the travel industry in generating benefits. In other words a long term view must be adopted before establishing tourist-specific facilities.

In this regard it is of great interest to note Marshall's conclusion from an empirical work on 'tourism and employment in Barbados':²⁶

'Although our results are necessarily tentative given the quality of the data, our general conclusion must be that tourism's performance as a significant employer of labour in Barbados is disappointing. Not only has the sector only recently achieved our rather generous definition of significance, but that level was sustained for only a short time, and has since declined. Employee/room ratios are similar to those in the more developed islands in the Caribbean like Jamaica and Puerto Rico, and within that context luxury hotels in Barbados seem to perform creditably.²⁷ But given the very high cost of job creation in tourism in Barbados, and in the Caribbean as well, if the Bahamas is any indication, we must query whether we in the Caribbean can afford such an expensive employment generating exercise'.²⁸

Mention must also be made of the sociological, socio-cultural, and environmental costs of large-scale tourism.²⁹ Again this is another important omission from Zinder's study. In reaction to Zinder's recommendation that 'a better benefit:cost return can be obtained by going after the higher spending tourists' Bryden and Faber scathingly asserted that this proposition 'appears to ignore completely the social consequences of consciously aiming for visitors who would spend in under ten days in Barbados and in under five days in most of the Leeward and Windward Islands an amount greater than the average share of the GDP of a local inhabitant for a full year'.³⁰ This may well be a contributing factor to the resentment and indifference from the local population towards visitors (which the Zinder Report observed but attributed to a 'lack of understanding about what tourism is, or what it would do to help the islands'). Another suggestion is that the resentment 'may well be that they (the natives) see themselves being relegated to second place after the tourists'.³¹

According to Doxey (1975)³² the initial impact may be characterised by euphoria from the natives rather than resentment. Varying degrees of irritation set in as tourist numbers increase and contact between natives and visitors increase (see Table 6:1). It is also believed that the degree of irritation will be dependent in part by the type of tourism promoted. Cohen (1974)³³ distinguishes between four types of tourists, viz, (i) the organised/institutionalised mass tourist, (ii) the individual mass tourist, (iii) the explorer, and (iv) the drifter.

The mass tourist typically uses programmed services, usually organised by airlines, travel agents or tour operators. For this category of tourist contact with the host society is minimal. The type of domestic residents he

Table 6:1 Index of Tourist Irritation

1. The level of euphoria

People are enthusiastic and thrilled by tourist development. They welcome the stranger and there is a mutual feeling of satisfaction. There are opportunities for locals and money flows in along with the tourist.

2. The level of apathy

As the industry expands people begin to take the tourist for granted. He rapidly becomes a target for profit-taking and contact on the personal plane begins to become more formal.

3. The level of irritation

This will begin when the industry is nearing the saturation point or is allowed to pass a level at which the locals cannot handle the numbers without expansion of facilities.

4. The level of antagonism

The irritations have become more overt. People now see the tourist as the harbinger of all that is bad. 'Taxes have gone up because of the tourists'. 'They have no respect for property'. 'They have

corrupted our youth'. 'They are bent on destroying all that is fine in our town'. 'Mutual politeness has now given way to antagonism and the tourist is 'ripped off'.

5. The final level

All this while people have forgotten that what they cherished in the first place was what drew the tourists, but in the wild scramble to develop they overlooked this and allowed the environment to change. What they now must learn to live with is the fact that their eco-system will never be the same again. They might still be able to draw tourists but of a very different type from those they so happily welcomed in early years. If the destination is large enough to cope with mass tourism it will continue to thrive.

Source: Cited in A Mathieson and G Wall, Tourism: economic, physical and social impacts, (Longman, London and New York, 1982), p.138.

meets normally play specific functional roles - waiters, tour guides, life guard, and the like. All important aspects of the visit are pre-arranged by the organiser and the visit is usually of a short duration. This type of tourist does not expect to forgo the type of hotels, facilities, and surroundings to which he is accustomed. A microcosm of the West is thus created in the host society to meet the requirements of the mass tourist. The individual mass tourist shares similar characteristics to the mass tourist, except that his tour, itinerary, and time allocations are not entirely pre-arranged by a travel intermediary.

On the other hand we have the explorer and the drifter who plan their own trips and make conscious efforts to understand and even savour the culture of the host population. The latter point is particularly true for the drifter - for whom novelty with respect to food, accommodation, sites, and everything that is quintessentially local are sought with great eagerness. Unlike the first two groups, the explorer and the drifter normally spend a longer time in the host society.³⁴

It is obvious that this classification has direct implications for social impacts. Not much is known of the social impact of the non-institutionalized variety since the tourism industry - certainly in the Caribbean - is usually dominated by the traditional, institutionalized type of visitors. This is evident in the type of facilities (hotels, recreational sites, food and other services) prevalent in these territories. It has been suggested that host resentment is likely to be higher with mass tourism since this type of tourism creates physical enclaves of wealth and privilege in the midst of squalor and material deprivation.³⁵ Besides, the impersonality of contact between hosts and tourists may lead to mutual suspicion and distorted views about each other. The conspicuous spending habits of the

mass tourist may also create false impressions on the part of natives and these may incite crime and even prostitution.³⁶

As yet there is no hard, empirical evidence to substantiate many of the sociological and socio-cultural impacts attributable to tourism. Although the arguments adduced are largely impressionistic, they can be used as a basis for a more rigorous investigation geared towards deepening our understanding of the many issues posed by tourism as a locomotive for development. The benefits of such studies to tourism planners cannot be over-emphasised. The foregoing survey of some of the principal issues involved in tourism is a useful backdrop against which we can examine the PRG's tourism strategy. High social costs, coupled with a minute multiplier effect, and various possible environmental problems,³⁷ caution us to consider a whole host of factors before committing scarce resources to large scale tourism development.

The Tourism Strategy of the PRG: The Concept of 'New Tourism'

Had Grenada been better endowed with natural resources (especially valuable minerals) the revolutionary government would probably not have assigned so prominent a role to tourism. Perhaps this sector would not even have figured in the government's economic strategy at all, given the multitude of problems associated with it, and the threats which a further opening of the society posed for a revolution which was still in its formative years. But the sheer paucity of resources in Grenada made it imperative for the government to promote tourism. It was Jean Holder, Executive Director of the

Caribbean Tourism Research Centre, who made the famous remark 'tourism is to the Caribbean what oil is to the Middle East'.³⁸

But the PRG were not prepared to create an overdependence on tourism as is the case in some Caribbean islands, most notably Bermuda, the Bahamas, and the Cayman Islands, where tourism typically accounts for over 60 per cent of the Gross National Product.³⁹ As we have already noted, diversification was one of the watch-words of the Revolution. Bishop summed up the dilemma faced by his government as follows:

'In terms of the development of the economy comrades, over the next 10-15 years, as we see it, the next 5 years - emphasis will undoubtedly be tourism. That is not to say that we like tourism, that is because we have no choice. Tourism is the sector that has the greatest potential for giving us the profits to invest in the areas we really want to invest in - agriculture, agro-industries, fisheries, and non-agro industrialization generally. That is really where we will like to go, but those cannot produce the money at this time, while tourism can'.⁴⁰

The industry was thus seen as a major generator of foreign exchange, especially in the short run. To maximise this critical benefit, and at the same time to alleviate undesirable socio-economic, socio-cultural, and environmental consequences, the revolutionary government sought to promote what they termed a policy of 'New Tourism'. This was conceived as the antithesis of the traditional variety of tourism. The essential features of

the 'old tourism' were articulated in an address made by the Prime Minister in December 1979 on 'the socio-cultural and environmental impact of tourism in the Caribbean'.

'The major problem with the 'old tourism' is that it grew up in an imperialist age and is therefore beset with all the worst features of imperialism. As such, tourism was never intended as a means of developing the national economy and society. Rather it was a means of increasing dependence on the metropole and of providing development for the few, and under-development for the vast, vast majority of the people of our islands'.⁴¹

To demonstrate this thesis he went on to examine the pattern of ownership, control, and organisation of the tourism sector. This sector was developed along the same lines as sugar, bauxite, bananas, oil and other primary exports of the Caribbean periphery. For the most part they were all owned by multinational corporations. (Names like Hilton, Holiday Inn and Inter-Continental are well known to people living in the Caribbean). These foreign complexes were typically set up under the aegis of a wide range of concessions and privileges by the state. Among these were tax holidays, duty free imports, access to land space, and freedom to repatriate profits generated internally. As Bishop noted: 'In some cases ... they even claimed our beaches for their exclusive use'.⁴²

The traditional tourism plant was also developed as an economic enclave with virtually no linkages with the rest of the domestic economy. Items consumed within the industry originated from abroad, as were construction materials,

decor for the hotels, and skilled manpower. The tourist enclaves were also places of privilege, glamour, and affluence witnessed the 'sturdy buildings with water and sewerage and electricity and good food, and not too far down the road were local villages and dwellings where conditions were just the opposite'.⁴³

Under the sub-heading 'Racism and Black Self-Image', Bishop went on to point out the domination of the industry by white visitors. This, for him, was dangerous given the historical background of the new national states in the Caribbean where race, colour and class were so closely intertwined. Since 'blackness' was equated with 'inferiority' and 'whiteness' with 'superiority' he was of the view that the old tourism was 'very damaging to a growing black confidence in self'.⁴⁴ He noted further:

'To make matters worse, the metropolitan visitors brought with them some of the worst aspects of their culture - inflation, consumerism, drug abuse, homosexuality, prostitution, gambling. Because of their 'high' social position in the West Indies context, there was and is a great danger of them being regarded as a 'reference group' which locals, particularly the young, imitate'.⁴⁵

Because substantial aspects of the tourism product⁴⁶ can be offered by more than one destination 'regional separatism' may result from the old tourism instead of 'regional cohesion'. In Bishop's terminology 'each island [attempts] to promote its own "sun, sea, and sand" at the expense of everybody else's'.⁴⁷

The new tourism philosophy aimed to invert all the features which were part and parcel of 'old tourism'. One of its ideals was to view tourism

'not merely as a business but as an instrument of world peace and understanding where peoples from all over the world can meet in an atmosphere of mutual respect and develop closer understanding of their different cultures'.⁴⁸

New Tourism would also seek to sever the historical relationship between tourism, class and colour. As such, efforts would be made 'to consciously encourage non-white visitors' from the Caribbean and the wider Third World, to complement other tourists - especially during the off-season period when hotels typically operate with considerable excess capacity.⁴⁹

To increase the tourism multiplier, New Tourism would seek to establish linkages with other sectors of the economy, particularly agriculture, agro-processing, manufacturing and handicrafts. Indigenous culture would also be promoted - dance, music, poetry and other linguistic expressions - instead of local culture 'being determined by some preconceived notion of what the tourist might expect'.⁵⁰

There was no place in this type of tourism for socially deleterious practices like gambling, drugs, and prostitution. Offenders would feel the full weight of the law:

'...take prostitution, if you catch local prostitutes - lock them up and rehabilitate them. If you catch foreign prostitutes coming in - deport them. So we will have to develop a very careful set of rules and

guidelines to ensure that tourism doesn't get out of hand'.⁵¹

Doubts have been raised about whether there was any substance to this philosophy of new tourism.⁵² At best it would have to be a long term goal given the overriding objective requirements of the economy, especially for foreign exchange to finance the country's escalating import bill. Even then accommodation problems still arise since most of the island's accommodation facilities were privately owned (see Table 6:2). Private sector participation in this area of the economy was planned to increase, not diminish, since the state lacked the material resources to develop the sector on its own steam. This means that the more affluent, traditional variety of tourist would be favoured - with all the undesirable sociological and socio-cultural problems associated with them. It also has direct implications for the distribution of benefits from tourism development between those who own and control hotels and those who merely supply casual labour.⁵³

A less daunting task for the government was the physical planning of tourism plants,⁵⁴ tourist attractions,⁵⁵ and general infrastructure. These were welcome by the private sector since they posed no major threat to their existence and continued prosperity. To the contrary, some of these initiatives (e.g. airports, improvements of public utilities) were significant assets to their operations.

The International Airport Project

The decision to build an international airport at the phenomenal cost of

Table 6:2 Tourism Accommodation Facilities and Capacity
(Rooms), 1983

Hotels	Guest Houses	Apartments/ Cottages	Carriacou Facilities
<u>Over 30 rooms</u>			
* Grenada Beach 142			
<u>20-30 rooms</u>			
Spice Island Inn 30			
Silver Sands 30			
Calabash 22			
Cinnamon Hill 20			
Riviera Cottages 20			
Secret Harbour 20			
Sub-total 142			
<u>Less than 20 rooms</u>			
Blue Horizon 16	St Anns 15	Beverley Flats 17	*Camp Carriacou 16
Hamilton Inn 19	Skyline 12	De Freitas 17	Mermaid Inn 12
St. James 19	Tita's 12	South Winds 16	Silver Beach 8
*Horseshoe Bay 12	Mitchelles 8	Palm Court 12	
	(Tyrrel St)	Maisonettes	
Ross Point Inn 12	Windward	Flambouyant 10	
	Sands 7	Twelve Degrees	
Crescent Inn 10	Winter Rest 6	North 10	
Sams Inn 10	Mitchelles	Lance Aux-Epines	
	(Lagoon Rd) 6	Cottages 10	
*Hibiscus Inn 10	Palm Beach 5	Coral Cove 8	
*Apple Inn 9	Plainview 4	Wave Crest 8	
*Sea Scape Inn 9		Orways 5	
		Maffilken Apts 4	
		Veronica's Beach	
		Apts 3	
		Croton Villa 2	
Sub-total 116	75	122	36
Total 412	75	122	36

(Total Rooms Grenada: 645)

Total Rooms Zone 1 (i.e. S.W.Grenada): 605

* denotes accommodation owned by The Grenada Resorts Corporation

Source: OAS/PRG Study, 'Physical Tourism Development Plan, Zone 1, Grenada,' (1983), p.4.

US\$ 71 million (Ec\$ 237 million) was a clear indication of the importance which the PRG placed on the development of tourism. The government was convinced that Grenada had excellent un-tapped tourism potential. Deputy Prime Minister, Bernard Coard, went further. At the Aid Donors Conference in Brussels he told delegates:

'It is an established fact that Grenada possesses the greatest potential for tourism development in the Caribbean today'.⁵⁶

This claim was substantiated by other independent bodies. A 1976 World Bank Tourism Sector Review had this to say:

'Grenada is one of the most attractive islands in the Caribbean. Its excellent beaches are backed by spectacular mountain scenery, rich with lush vegetation. Its harbour at St. George's, the capital, is rated the prettiest in the islands and serves both as a port-of-call for cruise ships as well as a center for yachting in the Grenadines. The climate is warm with a pleasant seabreeze throughout the year. In short, Grenada fulfills most people's image of a tropical paradise....'⁵⁷

Another study, The 1980 European Tourism Demand Study, evaluated 26 Caribbean countries and placed Grenada in the number one position on the basis of climate, beaches, and natural attractions. But the study concluded on a grim note. Grenada was designated a 'touristically disadvantaged destination' on account of 'accessibility problems'.⁵⁸

The existing Pearls Airport (which was opened in February 1943) is located

in close proximity to Grenville, Grenada's second largest town. This represents a distance of approximately 15 miles from the capital city, but given the narrow, winding, pot-holed roads, the journey normally takes one hour by car.

Among the most notable deficiencies of the airport are the following: (i) A runway which is only 5,250 feet long - too small to accommodate large, wide-bellied jets.⁵⁹ (ii) The width of the airstrip is 300 feet compared to the 500 feet which is recommended by the International Civil Aviation Organization (ICAO). (iii) The approach slope to runway 08 is approximately 9 per cent as opposed to the recommended 5 per cent for day VFR operation. (iv) The longitudinal slope is greater than the recommended 1 per cent for a Class B runway. (v) Impossibility of night and instrument landings given the encirclement of the site by steep hills.

The impossibility of night landing facilities, especially, had grave implications and consequences for the promotion of tourism in Grenada. For unless the flights arrive in Grenada before nightfall visitors would be obliged to overnight in the neighbouring islands of Trinidad or Barbados. Some visitors end up making the connecting island their destination, especially when hoteliers insist on a minimum booking for three nights.⁶⁰ Not only is this extra expenditure onerous for the visitor but visitors (especially long distance travellers) find the idea of changing planes, claiming and re-claiming baggage, clearing customs, checking in, and overnighing, daunting - if not bordering on an ordeal. According to one source some 50 per cent of annual visitors to Grenada overnight in other islands at approximately US\$ 85 per visitor causing a loss of US\$ 1.3 million to Grenada.⁶¹

The future of the industry in Grenada was threatened further because tour

operators and travel agents, reportedly, stopped selling Grenada as a tourism destination given the difficulties of securing confirmed bookings for their clients between Barbados and Grenada. And since some of these countries have laws to protect consumers, claims could be made on travel agents.

As far as the Grenadian authorities were concerned the solution to these problems lay in the construction of a new international airport. This was not a lone voice crying in the wilderness. For before the PRG committed itself to this project the 'airport problem' was studied in numerous quarters and several of the studies and reports urged that 'construction be started as soon as conveniently possible'.⁶² A sample of the various studies on the problem include: (i) Airfields for Grenada and St.Vincent, by Scott Wilson Kirkpatrick and Partners, 1955; (ii) Grenada Pearls Airport and the Proposed New Airport at Point Saline, a report by B.B.Jupp, 1967; (iii) Grenada Airport, Economic and Technical Feasibility Study, vols.I and II, by the Economist Intelligence Unit and Scott Wilson and Kirkpatrick, United Kingdom; (iv) A Civil Aviation Authority Study on the Feasibility of Conducting Night Operation at Pearls Airport, Grenada and at Arros Vale Airport, St.Vincent, prepared by the Ministry of Overseas Development, and (v) World Bank Airport Report, November 1976.⁶³ A notable feature of these studies is that they invariably ended on an inconclusive note, thus necessitating further studies.

According to one source⁶⁴ which studied the various reports, the study prepared by the Economist Intelligence Unit and Scott Wilson and Kirkpatrick (iii) is the most comprehensive in terms of breadth and depth of coverage. That study came to the following conclusion:

'To summarise, this study has confirmed that an airport to serve Grenada can be constructed at Point Saline but that the capital cost would be high and an extensive area of land attractive for residential and hotel development would either be required for the airport itself or to obtain the necessary flying clearances. A further area would be sterilised for such use because of the noise nuisance and accident hazard. The only alternative is seen to lie in the development of a site at Pearls on the coastal plain adjoining the present airport. Based upon brief details, preliminary estimates indicate that the site could be developed at less cost than that at Point Salines with the possibility of phased development and lower capital requirements, but against this must be set its situation in relation to St. George's from which it is separated by a tortuous mountain road some 16 miles long, and not capable of easy improvement and the orientation of the main runway resulting in most landings and take offs being under cross wind conditions. However, before a firm recommendation could be given on the development of this site, a detailed site survey and soils investigation similar to that undertaken at Point Salines would be required to confirm this preliminary appreciation'.⁶⁵

Volume two of the same report states further:

'The economic analysis contained in the first part of this Report foresees the necessity for an airport to serve Grenada which may be built in two stages, the first associated with a runway length of 5,800 feet and brought into commission in 1976 and the second with a length of 7,800 feet and to be completed by 1983'.⁶⁶

The Report made allowance for a third phase of development, albeit at a later stage, bringing the total length of the runway to 9,000 feet.

Interestingly, another report, Study Paper on Airports for Leeward and Windward Islands, prepared by the Department of Transport of the Canadian Government and published in March 1967, also recommended the development of the airport on a 3-phased basis, namely:

Stage 1 Viscount, BAC-111, DC-9, B-737 type operations (5,500 feet)

Stage 2 Jet operations - medium range, extending the airport of Point Salines to 7,500 feet.

Stage 3 Jet operations - long range, extending that airport of Point Salines further to 9,000 feet.⁶⁷

The latest study, undertaken by the World Bank in 1976, also identified Point Salines as the most appropriate site for the construction of an international airport. It concluded that 'the existing runway at Pearls acted and would continue to act as a constraint on the development of air transport and tourism growth'.⁶⁸ But before action could begin the team recommended that a further study should be done to ascertain the technical, economic and financial feasibility of an airport at Point Salines. This chorus was joined by a later team from the OAS Secretariat in 1977 which concluded:

'After reviewing all of the technical studies that have been undertaken in relation to the 'airport problem' and alternative forms of transportation ..., and mindful that the economic and financial cost of resolving the airport dilemma over the long term constitutes the second largest investment in the proposed Investment Program of Grenada, the OAS Secretariat suggests undertaking additional limited or comprehensive feasibility studies as are necessary to reconcile existing technical discrepancies of an economic, social and engineering nature. The most appropriate vehicle might be a comparative cost benefit analysis of the two proposed future airport alternatives to review in depth the various areas of discrepancy. Subsequent to this study, the airport might be financed by a consortium of financial agencies which may include the Venezuelan Investment Fund, the Canadian Investment Fund (CIDA financed the Barbadian airport), the World Bank, the Inter-American Development Bank, or German financial institutions, on terms most favourable to Grenada'.⁶⁹

The OAS Secretariat in its recommendation for further study was adding insult to injury. When the administration of the island's affairs devolved on the PRG in 1979 they were determined to search for funds and commence

this all-important project - a project which had been the dream of Grenadian leaders for some 24 years.

Admittedly, this drive to start such a mammoth project was a fundamental departure from the promise made in the 1973 manifesto.⁷⁰ When questioned about this retraction, former Cabinet Minister Kenrick Radix had this to say:

(i) People are entitled to change their ideas, especially since the world, itself, is in constant flux, (ii) The party too had been transformed since 1973, (iii) The need for funds for the eventual transformation of the country became more real once the NJM came into power in 1979, and (iv) The longer you wait to carry out such a project the more expensive it would be in monetary terms.⁷¹

Tourism Minister, Lyden Ramdhanny, also noted:

'Investors have told us they will pour not a bucket of concrete for any hotel construction until Grenada gets an international airport'.⁷²

Aspects of these sentiments were dramatically echoed by Bernard Coard at the Conference in Brussels:

'History has recorded that at particular moments countries are forced to decide on the most important project that they need to undertake in order to achieve further economic development and then go all out to attain that objective. For some countries it has been the development of railroads, for others devastated by World War I, it was immediate and total electrification of the country so that the industrialization process

could proceed apace. For yet others it has been a seaport to realize their commercial potential, for others it is access to the sea. For Grenada, we believe with all humility, that it is an international airport, so that we can realize our tourism potential. This is our firm position'.⁷³

In another passage of the same conference address Coard also spoke about the phenomenal escalation in the cost of the airport since the first study was done in 1955.

'If the entrepreneurs of the more studies and yet more studies growing industry in the world want to ask for more studies to be done for another two or three years, by the time we got along to build this international airport, I would humbly suggest this US\$ 71million could easily become a US\$ 150 million and perhaps then, there would need to be a study to determine whether that was a suitable figure or whether that was not too high a price'.⁷⁴

Work finally began at the new Point Salines site, only a few miles away from the island's main tourist resorts, in January 1980 with the arrival of construction equipments from Cuba. In all, the Castro government agreed to provide more than half the cost of the project, i.e. US\$40million in the form of manpower and machinery.⁷⁵ The remainder of the funds was to be raised by the Grenadian government, whether by internal sources or external. This was no easy task for a small, poor, underdeveloped country like Grenada, especially given the numerous other commitments and promises of the PRG. Apart from Cubans and Grenadians, outside interests were to benefit

enormously from the project. These included the Florida-based companies, Layne Dredging and Norwich Engineering, Metex, a Finnish Company, and a British company, Plessey.

The master plan adopted for the airport was essentially an updated version of the 1969 Joint Scott Wilson Kirkpatrick and Partners and Economist Intelligence Unit. But with Grenada's most important tourism partners (Europe and North America) moving increasingly to wide-bodied, long-haul jets of the B747, DC10 and L1011 variety, the government now decided to construct the entire runway of 9,000 feet at once. A further 800 feet was added later.

The length of the runway was to be a major bone of contention with the United States. The fact that the airport was virtually a gift from the Cubans added further to these fears. The United States was convinced that the airport would be first and foremost a military asset to the Eastern block. As expressed by Sandford and Vigilante (1984), in a work with a strong pro-U.S. bias, the airport:

'... would extend the reach of Cuban jetfighters throughout the region, and provide an important refuelling station for Cuban transport aircraft on their way to resupply Cuban forces in Angola'.⁷⁶

The length of the runway was hardly any basis on which to rest this allegation. According to two survivors of the PRG⁷⁷ the economics of airport construction loomed high in the minds of their decision-makers. As the saying goes - to be forewarned is to be forearmed. The OAS economic secretariat in their 'Economic Study of Grenada' had pointed out in 1977 that: '.... original airport planners in Grenada failed to foresee that

within some 30 years of initial construction, Pearl's airport would be inadequate in relation to aeronautical and technical innovation'. They went on to advise:

'Owing to the large economic, financial, and social costs of airports, present planners of the future Grenada airport would be well advised to develop an air access strategy to last at least for the next half century'.⁷⁸

Further advice came in 1978 Circular Reports from the International Civil Aviation Organization:

'Caribbean traffic growth and changes in aircraft technology require the continued expansion of existing facilities and raise the problem of financing such development. In general terms it can be said that the absence of at least one runway of not less than 3,000m (9,800 feet) in a country restricts the operation of long-haul international services with modern equipment and is a potential limiting factor on the development of a pattern that fully meets the transport requirements of a country'.⁷⁹

It should be stated further that a runway of 9,800 feet was not unusual by Caribbean standards (see Table 6:3). Indeed the PRG was of the view that there was a direct relationship between a country's airport size and the amount of tourism business they are able to attract.⁸⁰ Thus countries like Grenada, St. Vincent and Dominica (without an international airport) tend to

Table 6:3 Annotated Data on Selected Caribbean Airports

Destination	Area	Population	Runway	Runway
	Sq.miles		Length (ft)	width (ft)
Antigua	108	70,000	9,000	150
Aruba	70	66,000	8,997	148
Bahamas	4,405	210,000	11,000	150
Curacao	210	156,000	11,187	197
Dominic Rep.	18,817	4,836,000	11,000	197
Guadeloupe	530	327,000	11,499	148
Jamaica	4,411	2,072,000	8,565	150
Martinique	1,100	325,000	10,827	148
Puerto Rico	3,500	3,210,000	10,002	200
St.Lucia	238	120,000	9,000	150
Trinidad	1,980	1,100,000	9,500	150
Venezuela	352,140	12,361,000	11,483	148
Barbados	166	259,000	11,000	150
Grenada	133	120,000	5,250	n.a.
			9,000 (new)	150

Source: 'Proceedings of Aid Donors Meeting....', Appendix 1, p.30.

fare less well than their more fortunate counterparts in Barbados and Puerto Rico, for example. This perfect correlation between airport size and tourist numbers is open to question. However, it is a clear testimony of the importance which the regime assigned to an international airport.⁸¹ Their projection of tourist arrivals once this project was completed in 1984 is also revealing.

With the completion of the project, it was projected that Grenada's share of Caribbean tourism would move from the 1981 figure of 0.4 per cent to at least 1.0 per cent by 1990 (see Table 6:4 for the scenario for the entire period). It was projected that a total of 1,225 rooms at a cost of Ec\$ 149.9 million would be required to facilitate the 'pesimistic projections'. The figures for the 'optimistic projections' was 1,814 rooms at a cost of Ec\$ 232.1 million (see, also, Table 6:5 for the cash flow projections for the project). Major spin-offs were expected to flow from these developments, not least of which was employment generation for both skilled and unskilled workers.

Recognising that the 'airport dilemma' was only one part of the 'air access problem' Coard assured his listeners that the other part, 'the airline problem', would be solved once the airport was constructed. The regional carrier, Leeward Island Air Transportation (LIAT) is well-known for its inefficiency. Late arrivals and departures, loss of baggage, and failure to obtain seats even when advanced bookings are made, were regular occurrences. For this reason LIAT is derisively (but appropriately) dubbed by Grenadians as 'Leave Island Any Time'.⁸² Just how poor the service provided by LIAT actually is can be gleaned from the remarks made by visitors in the survey carried out by the Caribbean Tourism Research Council (CTRC) in 1982. Two such remarks read as follows:

Table 6:4: Projection for Visitor Arrivals (stay-over)
in Grenada (1981-1990)

Year	Grenada Optimistic Projections	Grenada Pessimistic Projections	% of Caribbean Total
1981	34,800	32,200	0.4
1982	36,400	34,000	0.4
1983	57,600	52,000	0.6
1984	60,600	54,600	0.6
1985	84,800	74,400	0.8
1986	88,800	76,800	0.8
1987	117,000	99,000	1.0
1988	122,000	102,000	1.0
1989	129,000	105,000	1.0
1990	135,000	108,000	1.0

Source: 'Proceedings of Aid Donors Meeting,', p.8.

Table 6:5 Grenada: Cash Flow Projections for Airport

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Capitalization (US\$30m) (Ec\$81.0m/10%, 20 yrs)	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5
Infrastructure	1.14	1.14	1.14	1.14	1.14	1.04	1.04	1.04	1.04	1.04
Total (I)	10.64	10.64	10.64	10.64	10.64	10.54	10.54	10.54	10.54	10.54
Hotel Tax (90%/75%)	1.4	1.6	2.8	3.3	5.3	6.2	9.1	10.7	12.8	15.1
Airport Operation Surplus	-	1.5	4.2	5.1	6.5	6.8	8.6	11.0	14.0	17.8
Total (II)	1.4	3.1	7.0	8.4	11.8	13.0	17.7	21.7	26.8	32.9
Loss/Surplus (II-I)	(9.2)	(7.5)	(3.6)	(2.2)	0.5	2.5	7.2	11.2	16.3	22.36

Source: 'Proceedings of Aid Donors Meeting.....', p.28.

() denotes loss

'Our luggage arrived two days after us, so we had no clothes to put on. If the luggage is not going with the passenger, it should get to the person on the arrival of the next plane to your destination'. 'We suggest that LIAT airline is a great obstacle to more people enjoying your beautiful country'.⁸³

To cope with the increased number of visitors projected by Coard, it was clear that LIAT would have to be substantially supplemented or even supplanted by other airlines capable of providing adequate and reliable service to Grenada. According to Coard's presentation at the Conference, investors from the United States, Canada, and the United Kingdom were already approaching his government on the subject of landing rights when the international airport was completed. Just how correct this information was, we do not know. Doubts have been raised about whether the United States would actually establish an aviation agreement with Grenada:

'With the completion of the airport, it is certain that the United States would resist coming to an air treaty until it had extracted major concessions from Grenada. In effect, the airport/tourist strategy would have strengthened the American bargaining position in its efforts to influence Grenadian policy, especially foreign policy'.⁸⁴

Without this vital bilateral agreement visitors from the U.S. bound for Grenada would continue to experience difficulties in Barbados and Trinidad.

This was not the only area for doubt. Were Coard's projections for visitor

arrivals attainable? Would the private sector be willing to commit their capital to the expansion and development of tourism facilities on the scale required? Obviously, no firm answer can be provided to these questions since the regime collapsed before the completion of the airport in 1984. With respect to the first question, our response is likely to be in the negative if the trends in Grenada's tourism sector, during the revolutionary and post-revolutionary periods, is anything to base a judgement on.⁸⁵ And since members of the private sector generally felt they were under siege (especially given the government's strong propensity to apply 'revolutionary manners' to those perceived as 'non-collaborators'), the answer to the second question cannot be affirmative either, at least so long as the revolutionary government continued with its 'repressive' practices. (The extent to which the PRG was able to harness the support of the business class is discussed in detail in the following chapter).

With much justification, therefore, we can say there was a fundamental flaw inherent in the development strategy of the PRG - dominated as it was by one single project. This was to cost the government dearly in both economic and political terms.

The World Bank's position on the issue was that Grenada did not require an airport with such an extensive runway.

'The present air-access problem would be solved adequately by the first phase of the airport - a 5,200 ft. runway with night landing facilities'.⁸⁶

The various arguments adduced by the PRG for a more sophisticated facility were casually dismissed. The Report noted further:

'In order to justify the massive investment in the airport, the number of tourists to Grenada would have to increase substantially, well beyond the capacity of facilities to accommodate them. This implies that airlines or charter organizations will schedule the island, and that the required accommodation, infrastructure and service became available. However, it is doubtful that airlines will stop in Grenada with the frequency necessary. The economics of the airline industry today suggest that Grenada is likely to continue to be served by feeder aircraft from neighbouring islands, as shown by the recent reduction in direct flights to St.Lucia by BWIA. Also, there are, as yet, no agreements with charter organizations to schedule Grenada. The present government marketing strategy of targetting special interest groups such as bird watchers and divers is not likely to increase substantially the number of visitors to Grenada. Lastly, the resources allocated to the Department of Tourism are inadequate. The Department is understaffed and underfunded, the budget for 1981, for instance, amounted to less than 1 per cent of 1980 tourism earnings'.⁸⁷

The Report concluded its section on tourism by stressing that 'A full reconsideration of the (government's) strategy towards the tourism sector is recommended'.⁸⁸

Apart from inviting severe opposition (and even outright economic aggression) from the United States, the demands of the project created an enormous cash-flow problem which brought the economy to a virtual collapse by mid-1983. Not only were funds diverted from social welfare programmes and capital projects, but to keep the airport project going the government was obliged to introduce measures which incurred the displeasure of the private sector. These included onerous taxes and the introduction of a law which made it mandatory for commercial banks to deposit 20 per cent of their funds with the government.⁸⁹ Despite these initiatives the liquidity situation in the economy remained tight. As a matter of last resort the government turned to the International Monetary Fund in August 1983 for 'assistance'. This move in itself was a serious threat to the viability and survivability of the revolution since the country's economic policies would in effect be dictated by the one who 'pays the piper'. The PRG knew this only too well.

The experience of Michael Manley of the People's National Party (PNP) of Jamaica with the Fund was still fresh in their mind. But apart from resorting to even more draconian measures, they had no real alternative. At the Brussels conference Coard admitted the enormous physical strain which this project placed on them.

'...each single Minister of the Government of Grenada including the Prime Minister [spent] eighty per cent of [their] time travelling throughout the world and spending sleepless nights over the past two years in order to raise [the remaining] US\$30 million'.⁹⁰

And despite his persuasive and well-prepared address he left Brussels disappointed, having only succeeded in raising a paltry US\$2.2 million from the European Economic Community (EEC). This was a clear triumph for U.S. propaganda⁹¹ against the regime. For them the project was first and foremost a military asset for the Eastern bloc countries.

Although Moscow was covertly approached for a loan of Ec\$15 million they did not consider it prudent to participate in this politically-sensitive project. Thus the request was brushed aside. The aid boom that the regime experienced in its first two years was not to be repeated during its remaining years. Of the Ec\$38.7 million spent on the airport in 1981 only Ec\$0.8 million originated from local sources. Grants to the tune of Ec\$27.1 million came from Algeria, Syria and Cuba while a loan of Ec\$10.8 million was procured from Libya.⁹²

Promotion of Handicrafts

A less controversial tourism-related initiative was the promotion of the handicraft sector. Insights into the way handicraft was perceived, as well as the structure and functioning of the sector before 1979, can be gained from the following remark from the newly-appointed O.A.S. Handicraft Development Consultant, Barrington Brown:

'Craft appears to be accepted as a poor cousin or merely a means of existence, in most cases it was observed that handicraft was geared as a supplement to income only. The unawareness and

misunderstanding of the value of handicraft in its various contributions to national growth, e.g. economic return, foreign exchange earner/export, cultural statement, employment possibilities, import substitution, demonstrated the need to educate the producers, vendors, buyers, and potential buyers in matters relating to the value of the handicraft industry.⁹³

Craft items were lacking in imaginative designs, displayed signs of poor craftsmanship, carried prices which bore no relationship to their quality, and were marketed in an adhoc manner. Partly as a result of these weaknesses it was also believed that Grenadians, especially the young, were showing 'a rapidly decreasing interest in the craft'.⁹⁴

The state of the industry would probably have been worse had it not been for the existence of the Handicraft Development Centre. Established in 1966, the Centre trained approximately 20 persons per year (mainly in light handicrafts and jewellery). Training sessions were also held once per week for persons who already had some knowledge of craft. This number was estimated to be 3,000, of which the majority are aged between 26 and 35 and are women. Given the lack of an organised market, craft producers tended to produce three days per week and spent the rest of the week trying to sell their products. The training offered at the Centre left much to be desired since the staff was poor in both quantity and quality. There were no accountant clerks, quality control supervisor, and product design officer.

In response to these problems the PRG set up the Grenada National Institute of Handicrafts (GNIH) in 1979. This organisation was made responsible for

(i) research, development, and prototype production; (ii) training and developing handicraft technology; (iii) purchasing of raw materials; (iv) quality control and pricing; (v) marketing and promotion of craft items at home and abroad; and (vi) financial assistance against confirmed orders of craft items from producers.

At the national level the Institute sought to achieve increased production for the benefit of domestic and overseas consumers (especially tourists), generate employment (through the utilization of the island's raw materials), and promote indigenous culture in the spirit of the Caribs and Arawaks⁹⁵ - Grenada's first craftsmen. Appropriately, the Institute's motto reads 'Helping the Hand to Build the Land'. The employment potential of the sector can be gauged from the diverse range of raw materials at its disposal. These include woodcraft, strawcraft, sculpturing, needlecraft, leathercraft, stonecraft, and jewellery craft (see Table 6:6).

The Institute's emphasis on indigenous raw materials places it on a different footing from its competitors in the private sector - Tikal, Noah's Arcade, Gran Bazaar, Amados, and Spice Isle Perfume Shop - which utilize considerable quantities of imported raw materials and even stock large quantities of imported handicraft.

To rationalise the operation of the Institute plans were made to forge links with the Grenada Tourist Board. The Board was urged to include craft items in its catalogue, brochures, posters and other printed material. It was also encouraged to stage exhibitions on Grenadian handicrafts during its overseas promotional campaigns. All these measures would serve to reduce the international marketing budget.

Table 6:6 The Distribution of Craft Materials in Grenada and their
possible product lines

Materials	Raw Materials Product Line
Wood	Carvings, trinkets, furniture, boxes, trays, bowls, spoons, mortar and pestle
Wicker	Trays, lamp shades, furniture, baskets, bags
Coconut Shell	Jewellery, ash trays, cups, coin banks, lamp shades
Banana Bark	Hats, table mats, floor mats
Leather	Clutch purse, handbags, sandals, pouches, cases, chokers
Cotton thread	Crochet, embroidery, strong art, fixings
Kush-kush	Mats, hats, rugs, bags
Corn Trash	Hats, bags, dolls
Coconut Bone	Flex bangles, planters, frames, wall hangings
Sea shells	Vases, boxes, figurines, decorations
Gourds	Ash trays, penholders, cups, lamp shades
Bone	Jewellery: pendants, rings, brooches
Black coral	Jewellery: pendants, bangles, rings, brooches
Gru-gru (seed)	Rings
Turtle shell	Brooches, bracelets, ear-rings
Cow hooves, horns	Jewellery, pendants, brooches, ear-rings
Pandanus	Bags, floor mats, chair seats, hats, slippers, bags, table mats, etc.
Sisal	Mats, bags, chair seats rope, hats, slippers, bags, mats, etc.

Adapted from B Brown, A Proposed Programme for the Development of the Handi-
craft Industry in Grenada, The Grenada Institute of Handicraft,

30 July 1979, p.38.

The performance of Grencraft, the marketing arm of the GNIH, mirrors the successes and failures of the PRG's efforts in the handicraft sector (see Table 6:7). Grencraft began its operations in September, 1981. Although the bottom-line of its balance sheet failed to show a profit there can be no doubt that the organization had begun the process of achieving its stated objectives - if only because for the first time craft producers were assured of a ready market. Time previously spent in the pursuit of markets for their produce (estimated to be as much as 50 per cent in some cases) could now be devoted to production. Not only was the cultural awareness of craft heightened but for the first time the developmental potential of the sector was recognised, promoted, and formalised in government policies.

With time, the government would have no doubt weathered the major problems plaguing the sector. Moreover, the lack of adequate finance was at the root of these problems. Grencraft operated without a marketing officer and without working capital for the first six months of 1982. The resultant problems were: (i) the notable absence of a long term (or even medium-term) marketing strategy for the organization.⁹⁶ (ii) Promotional campaign was negligible. (iii) A low priority to public relations effort. (iv) Difficulties experienced in securing new or improved designs into production for market testing and retail. (v) Lack of trained sales personnel. (vi) Uninitiated buyers are given a free hand to purchase items without supervision, resulting in the purchasing of significant quantities of substandard goods. (vii) Failure to implement a stock control system. (viii) Arbitrary marketing intelligence. (ix) The proposed two year moratorium period of the organization was prematurely terminated, leaving it to fend for itself and without working capital.⁹⁷

Financial difficulties also created severe transportation problems. As late

Table 6:7 Grencraft: Performance Indicators 1982 (Ec\$'000)

Indicator	Actual 1981	Planned 1982	Actual 1982
1. Gross Production/Revenue	101.7	264.0	290.8
2. Expenditure	77.9		363.2
3. Gross Profit/Loss			72.3
4. Net profit/Loss			27.6
5. Total Investment Cap./Exp.	540.0	640.0	
6. No. of workers	6	9	
7. Salary Fund	Paid by Govt	45.0	32.5
8. Productivity per worker	16.8	32.0	
9. Net Borrowing:			
Central Government			
Commercial Banks		20.0	
Other - MNIB		50.0	

Notes: Revenue and Expenditure - Up to December 15, 1982

Gross Profit/Loss - Stock not taken, estimated \$100,000 purchased,
\$50,000 consignment.

Source: Ministry of Finance (Central Statistical Office)

as 1982 Grencraft did not own a single vehicle. It was obliged to hire a small van on a monthly basis to collect products, raw materials, and make deliveries. The meagerness of its income meant that it was hardly able to meet even this basic monthly fee. Aid was sought from friendly organizations to alleviate this problem. Similarly, the organization was not able to provide qualified staff personnel in the accounts department. Its first accounts clerk was not appointed until March 1982.⁹⁸ It was around the same time that a marketing officer was appointed for the first time. Thanks to loans from the state-owned National Commercial Bank, and the M.N.I.B.

Soon after taking up posts the impact of these personnel began to be felt. Exhibitions were staged in Grenada, other Caribbean islands and North America. Plans were also made to mount exhibitions in various European countries, so long as funds could be provided.

Grencraft received its first major overseas promotion in June, 1982. Between 14th and 22nd June, a mini-trade exhibition was staged in three central Trinidadian towns (Port-of-Spain, San Fernando and Fyzabad). Although the emphasis was not on sales, an impressive quantity of craft items was bought - amounting to some Ec\$20,000. In his Report, the Handicraft Adviser commented: 'The two day experience in Port-of-Spain surpassed all our expectations and the inclusion of a cultural presentation assisted in boosting sales considerably'.⁹⁹

Plans were thus made to supply craft items on the Trinidadian market on a regular basis, especially during the carnival period when the island abounds with tourists. Another exhibition held in St Vincent from 27th-30th August generated Ec\$4,334 in sales. The theft of significant quantities of the exhibits testifies to the general acceptance of the products.¹⁰⁰

The exhibition was also mounted in several important North American tourism centers. At the Eastern Hotel and Tourist Association Convention held in November 1982 in New York, the major focus was on Grenada. The Convention was attended by travel writers and representatives from various parts of the United States and the Eastern Caribbean. The presentation included a display of craft items from Grencraft, slides, posters, and handout material on the GNIH, as well as brochures and catalogues highlighting Grenadian products. From New York the team went to Washington, California and Toronto. The team finally returned to Grenada on 4th December.¹⁰¹

The products were generally well received. At the exhibition held in Trinidad, for instance, visitors voiced the following remarks:

'Exhibition too short, have never seen Spice
Isle products anywhere in Trinidad, I cannot
believe these things are made in Grenada, should
have brought more goods, you will see me at
Carnival, when are you coming again?'¹⁰²

This keen interest in Grenadian handicrafts led the Handicraft Adviser to make a wide-ranging list of recommendations in his Report.¹⁰³ These are geared primarily towards improving product design and use of materials, diversification of the product line, greater promotion of craft items overseas, training of craftspersons in design, adaptation, and other aspects of handicraft production for export, and follow-up activities to the 1982 exhibitions.

The government was equally keen to implement these recommendations. Thus in 1982 when the Adviser applied for a grant of US\$49,095 to train 35 students 'to be full-fledged producers for Grencraft' the government enthusiastically

approved the project. The importance of the sector to the new society envisaged by the PRG can be gauged from its comments on this occasion:

'for too long has our culture (of which our craft is but one aspect) been left unattended to survive in the barest sense possible. By orienting the programme primarily towards young people - otherwise unemployed and rural based - this training will assist Grenada at several different levels: development and upgrading of an indigenous culture form, provision of employment, [and] provision of supplies for an existing market. The benefits, therefore, far outweigh the costs, given especially that the trainees would also from the start, be involved in production....'¹⁰⁴

And given the outstanding contribution of the Consultant, Barrington Brown, to the development of Grenadian handicrafts the Prime Minister remarked further:

'It is however strongly recommended that to ensure the practical success of the programme the services of the present OAS Consultant be retained, at least for the duration of the training programme'.¹⁰⁵

In a certain sense it can be argued that the government's efforts in the handicraft sector was concrete evidence of the 'New Tourism' in action. The emphasis on indigenous sources of raw materials, catenating the various sectors of the economy, and elevating things quintessentially 'Grenadian'

went far beyond mere rhetoric - as witness the government's plans for the food-sector of the tourism industry.

Tourism/Agriculture Linkages

A survey was carried out in 1983 to investigate the pattern of consumption in the tourism sector.¹⁰⁶ The main objective was to determine the possible linkages that could be established between tourism and agriculture. A sample of 10 per cent (representing roughly 58 rooms) of the tourism sector - comprising 2 full-service hotels, 2 apartment hotels, a guest house and 1 restaurant - was examined. On average the restaurant served 150 meals per day during the peak season and 20 per day during the low season. (A high proportion (estimated at 50 per cent) of the island's accommodation belong to the self-catering variety.)

Based on this sample it was estimated that annual food costs of the tourist sector amounted to just over Ec\$4.25 million. It was further estimated that local production accounted for 66 per cent in terms of weight and 52 per cent in terms of value. The estimates for the different categories of consumption items are summarised in Table 6:8. In terms of value, meat absorbs the greatest proportion of the total food costs (i.e. Ec\$ 1.3m from the Ec\$4.25 million). This is followed by seafood (Ec\$0.8 million), dairy products (Ec\$0.54 million), vegetables (Ec\$0.52 million), and fruits (Ec\$0.5million). Interestingly, the highest level of leakages by value occur in meats (86 per cent imported). Miscellaneous goods, especially oils and fats, account for 73 per cent while dairy goods and fruits (particularly canned juice) amount to 65 per cent and 63 per cent, respectively. In fact,

Table 6:8 Total Quantity of Local and Imported Foodstuffs and Beverages Consumed by Catering Establishments in Grenada (1983 Survey)

CATEGORY	Seasonal				Annual				TOTAL	Average Unit Price	Value (Ec\$)
	High Season		Low Season		Local		Imported				
	Qty (lbs)	%	Qty (lbs)	%	Qty (lbs)	%	Qty (lbs)	%			
Meats	86,360	52	80,325	48	47,840	29	118,845	72	166,685		1,280,770
Sea-food	71,510	54	61,400	46	128,470	97	4,440	3	132,910		807,785
Dairy	59,670	54	50,050	46	7,750	7	101,970	93	109,720		544,850
Staples	120,900	54	102,485	46	137,675	62	85,710	38	223,385		304,872
Vegetables	115,345	51	112,350	49	209,005	92	18,690	8	227,695		517,388
Fruits	167,940	50	168,000	50	275,270	82	60,670	18	335,940		496,791
Other foodstuffs	68,510	44	87,500	56	91,490	59	64,520	41	156,010		303,472
Total foodstuffs	690,235	51	662,110	49	897,500	66	454,845	34	1,352,345		4,255,928
Total Beverages (litres)	91,090	58	68,656	42	52,681	34	105,265	66	157,946		(Ec\$)984,044
Total foodstuffs & Beverages (Value Ec\$)											5,239,972

Source: Adapted from Appendices 5:8 and 5:9 of: CTRC, 'A Study of Linkages between Tourism and Local Agriculture in Grenada, St.Vincent, St.Lucia, and the Bahamas', (CTRC, Barbados, 1983).

some items under the various categories are wholly imported, for example, milk, butter and cheese in the case of dairy products.

The Report also presented data on the sources of supply of consumption items and the attendant problems. As much as 83 per cent of the respondents obtained their meat supplies from local supermarkets. The bulk of the sea-food used in the sector is supplied directly by Grenadian fishermen, although some frozen fish is bought from the supermarkets. The main problems with supply seems to be lack of reliability and poor quality (to a lesser extent).¹⁰⁷

From the survey it was also found that the main factors determining the preparation of menus in the tourist sector were: cost of food, availability of supply, storage facilities, customer demand, chefs specialities and the quest to serve something distinctly Grenadian. This last factor figured prominently on the list as all the respondents indicated it. 83 per cent of them identified cost of food as a major determinant. The figure fell to 67 per cent for the factor 'availability' while only 33 per cent selected the option 'chef's specialities' as a determinant of a menu preparation.¹⁰⁸

Another notable feature of the study is the well-thought-out model which is provided for integrating the two sectors, tourism and agriculture.¹⁰⁹ The chapter opens with the self-evident, but very important, remark that 'the programme to increase the amount of local foods and beverages by tourists must be seen as a set of interrelationships between a wide span of institutions and practices'.¹¹⁰

Ten groups, with well defined roles and functions, are identified - viz, (i) hotel and restaurant personnel (managers, chefs, purchasers, waiters/

waitresses); (ii) wholesalers; (iii) retailers; (iv) market researchers; (v) training institutes; (vi) agricultural extension workers; (vii) promotion agencies; (viii) tourists; (ix) farmers; and (x) financial institutions. These entities must work in concert with each other to ensure that the following conditions are satisfied: (1) indigenous dishes are available on menus in tourist establishments; (2) the dishes must be well prepared and presented; (3) local foods must be comprehensively and successfully promoted; (4) local foods must be adequate in both quantity and quality; (5) local foods must be effectively distributed; (6) local foods must be price competitive vis-a-vis imported foods; (7) local foods must be conveniently packaged; (8) new products and new ways of preparing existing products must be continuously developed; (9) information on markets, food supplies and technologies must be regular, adequate, timely, and comprehensively used.¹¹¹

Not only must the agricultural sector be dynamic and flexible but the farming community must understand how information from market research may be meaningfully utilized and must be prepared to organise their farms on strict business lines so that it can respond to the demands from the tourism sector. Similarly, financial institutions must display flexibility in repayments schedules and in extensions of credit. Problems such as the vagaries of the weather, praedial larceny, destruction caused by pests, and declining incomes due to inaccurate forecasting of demand, should all be dealt with on terms which recognise the developmental needs of the society.

Failures in any of the links within the system will ultimately lead to a reduction in the volume of local produce consumed in the tourism sector. Similarly, consumption (of local goods) will lag behind expectations if development programmes are implemented on a piece-meal basis and if they

fail to be directed at the system as a whole. One can get some insight into the state of the food sector of Grenada's tourism industry from the comments made by visitors in the 1982 CTIRC survey (see Appendix 6:A:2). The comments reflect both constraints and opportunities for integrating sections of the agricultural sector into tourism.

Although the Grenadian agricultural sector, marketing and distributional mechanisms were not yet sufficiently developed to perform the role assigned to it, it is clear from the study that the plan to integrate the two sectors was well thought out in both conceptual and empirical terms. And no pretence was made in the study that the required changes (structural, institutional, and attitudinal) could be achieved overnight as some critics of the development strategy of the PRG seem to expect. Mandle, for instance, argues:

'If the airport had opened in 1984 as scheduled and if tourist arrivals had increased as expected, it is clear that the domestic food sector would not have proved immediately competent to meet the growing needs of the arriving guests'.¹¹²

The blame for this state of affairs cannot be justifiably placed at the door of the PRG, given the myriad problems they inherited in the agricultural sector and the various initiatives they took in agriculture. Arguably, the revolutionary government took agriculture much more seriously than past leaders in Grenada and the wider Caribbean region. As for the latter, a well-known Agricultural Adviser (Ronald Baynes, Barclays Bank International Limited, Barbados) had this to say,

'It is most unfortunate that few Caribbean territories have evolved workable official policies

which actively encourage agricultural expansion.

In fact, in some islands, it is difficult to understand the official perception of the role of the agricultural sector relative to the other sectors. In one particular territory where agriculture contributes better than 80 per cent to its Gross Domestic Product, a recent survey showed that the national purse allocates something in the order of two to three per cent of the annual appropriation to agricultural services in that country'.¹¹³

The PRG would have doubtless spearheaded more changes in the agricultural sector had it not been for the financial burden of the international airport. But, then again, even this project was linked to agriculture, albeit secondary to tourism.

It is equally difficult to deny that tremendous scope existed for creating linkages between the two sectors. Indeed, the CTRC study revealed that already the food sector of the tourism industry was utilizing a fair amount of local produce (see Table 6:8). According to Jane Belfon, Director of Tourism under the PRG, the success story of the local restaurant "Mamas" was a clear testimony of the soundness of the government's plans for the sector.¹¹⁴

This restaurant is owned and managed by a Grenadian, Mrs Insley Wardally, known universally in her restaurant as Mama. In the words of the Tourism Director 'this restaurant serves local dishes without apology to the visitor's origin. Yet they keep on coming back for more whenever they are in Grenada'. Not only is the food completely local but all the decor and furniture originate in Grenada, especially products from Grencraft. The

range of food offered and the culinary skills of Mama were fittingly captured by an American tourist in the New York Times:

'stewed callaloo (a kind of spinach), bread-fruit salad, stewed manioc (opossum with a rich, gamy taste), stewed tattou (armadillo, mildly reminiscent of venison), baked barracuda (a fish), lobster salad, curried breadnut and lambie (conch), baked plantains and yams, and rice and red beans in coconut sauce. The soup was creamed breadfruit, with a taste like fresh squash, but on other days it can be made from callaloo or pumpkin - or ochre leaf or yam leaf or young cocoa leaf. Sometimes Mama serves a crayfish in the soup, explaining, "We, the people of Grenada, chew off the head of the crayfish and suck out the juices" '.¹¹⁵

Another restaurant, La Belle Creole at Blue Horizon Hotel, received popular acclaim with tourists. Like Mama's this restaurant specialises in local foods. However, La Belle Creole adds a continental tinge to its local dishes. For instance, callaloo quiche is one of their most successful specialities. Given the importance of the Blue Horizon Hotel in the overall tourism sector there is good reason to believe that the practice of emphasising local dishes could catch on. With its 36 fully equipped suites this hotel is second to Ramada Renaissance (the former Holiday Inn) in terms of room facilities.¹¹⁶ In terms of occupancy level, Blue Horizon is the island's most successful hotel, consistently attracting an occupancy rate of

80 to 90 per cent.¹¹⁷ Its success has been attributed to the personal and aggressive marketing style of the proprietor.

According to a well-informed source in the tourism sector, the drive to serve local foods and beverages was least developed in the state owned hotels.¹¹⁸ This is not surprising given the numerous weaknesses of the Grenada Resorts Corporation (GRC), the company which was formed to manage the various hotels and other tourist-related properties acquired by the state. These included the Hibiscus Inn, Apple Inn, Horse Shoe Bay, Seascape Inn, Carifta Cottages, and Camp Carriacou. Since its commencement in 1979 the GRC has never been able to make a profit. The loss for 1982 amounted to Ec\$ 230,000.¹¹⁹ Unpaid loans to the National Commercial Bank stood at Ec\$ 650,000 at the end of 1983.

Coard cited four reasons for GRC's dismal performance: (i) overstaffing (as much as twice as many workers to each room when compared with private sector hotels; (ii) managerial weaknesses; (iii) inexperience of the workers; and (iv) cash flow problems resulting in part from late payments and non-payments of bills by government ministries.¹²⁰ On a macro level performance of the tourism sector for the period was perhaps even more disappointing.

Overview of Tourism Performance

The four-and-a-half years tenure of the PRG was a bleak period for the island's tourism industry. The trend in visitor arrivals and cruise ship calls is set out in Tables 6:9 and 6:10. To facilitate easy comparisons data are also provided for the immediate pre-1979 and the post-1983 periods.

Table 6:9 Tourist Arrivals* (stay-over visitors) by Country of Residence ('000's)

Country of Origin	Year										
	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
Caricom	8.0	8.1	8.8	8.0	7.7	8.5	9.7	10.8	13.8	21.3	20.0
U.S.A.	6.1	8.0	9.2	9.1	6.8	5.1	5.0	5.3	8.4	8.9	11.1
U.K.	2.8	3.0	3.9	3.9	3.3	2.9	2.3	2.3	2.4	2.7	3.7
Canada	2.5	2.8	3.0	2.9	2.0	1.9	1.5	1.5	1.4	1.7	2.1
Others	5.1	6.7	7.4	8.3	10.3	6.6	4.7	12.5	13.5	17.4	20.4
Total	24.5	28.6	32.3	32.2	30.1	25.0	23.2	32.4	39.5	52.0	57.3

Source: Department of Tourism, 'Annual Statistical Overview', (St.George's, Grenada).

* Since 1983 a new series has begun which included Grenadian resident overseas (thus boosting the numbers).

Table 6:10 Grenada - Cruise Ship Data/Number of Yacht Calls

Year	Cruise Ship Calls	Cruise Passengers ('000's)	Yacht Calls
1976	187	106.9	1436
1977	184	108.5	1609
1978	188	116.3	2079
1979	200	138.7	926
1980	236	145.6	1865
1981	131	77.6	1376
1982	103	62.1	1602
1983	80	50.2	1445
1984	65	34.2	1343
1985	173	90.7	2726
1986	223	113.9	2135

Source: Department of Tourism, 'Annual Statistical Overview' (St.George's, Grenada).

Table 6:11 Number of Nights Spent in Grenada (by nationality)

Nights	U.S.A.	Canada	Europe	Caribbean
1	3.5	7.6	6.2	15.2
2	5.8	5.1	2.6	19.6
3	7.6	5.1	3.6	19.6
4-5	8.8	12.7	14.5	15.2
6-7	21.6	5.9	18.1	16.3
8-10	21.1	5.1	5.2	7.6
10-15	18.7	40.7	26.4	3.3
16 or more	12.9	17.8	23.3	3.3

Source: Grenada, Visitor Survey 1982, vol.1, CTTC, Barbados, p.5.

From an impressive figure of 32,200 stay-over visitors in 1979, the number of stay-over visitors progressively declined until it reached a low of 23,200 in 1982 (see Table 6:9). At the same time cruise passengers moved from 145,600 (in 1980), 77,600 (1981), 62,100 (1982), and finally to 50,200 (1983) (see Table 6:10).¹²¹ Even when viewed in terms of monthly arrivals, to make allowance for the seasonality of the trade, the picture shows no marked improvement. Thus for the peak months in Grenada's tourism (January and March - the period for the winter traffic - and August, the month for carnival celebrations and new medical students) the figures failed to peak. For January, 1980, 1981 and 1982 there were 3,225, 3,050 and 2,437, respectively. For March, 1980, 1981, 1982, the numbers stood at 3,210, 2,415, and 2,617, respectively while for August for the same three years the figures were 2,956, 2,776, and 3,762 respectively.¹²²

An analysis of the figures reveal that the decline was most pronounced in the U.S. segment of the market (see Table 6:9). From a high of 9,100 stay-over visitors in 1979 the figures plummeted to 6,800 (1980), 5,100 (1981), 5,000 (1982), and 5,300 in 1983.¹²³ Interestingly (though not surprising) they show a sharp increase after 1983. Thus for 1984, 1985, and 1986 the figures were 8,400, 8,900 and 11,100, respectively (Table 6:9).

On the brighter side, visitors from the Caribbean segment of the trade recorded an upward trend, especially since 1980 (see Table 6:9). Every single year since 1980 (when the number of stay-over visitors was 7,700) shows a progressive increase. In 1985 the grand total of 21,300 was reached.

Though important to the Grenadian economy, this ever-rising traffic from the Caribbean could not compensate for the decline in visitors from the

traditional sources since the pattern of their expenditures varies considerably. For the economic well-being of the host society it is not numbers per se which is important but the length of their stay as well as the amount of money they spend during that period.

A visitor expenditure and motivational survey conducted by the CTCRC in 1982 found that: (i) Non-Caribbean visitors (i.e. those from the traditional markets) spend an average of 9 nights per visit compared to 3.6 for Caribbean visitors (see Table 6:11).

(ii) Non-Caribbean visitors typically stay in hotels and guest-houses while regional visitors stay with friends and relatives.¹²⁴ The former spend an average of US\$901 per party per trip (i.e. US\$60 per person per night) while the latter spends an average of US\$329 (i.e. US\$20 per person per night) (see Table 6:12).

(iii) The average size of the visiting party is 1.7 to 1.8 for extra-regional visitors compared to 1.32 for regional visitors.

Table 6:12

Expenditure Patterns of Tourists (by Nationality)

	(\$U.S.)					
	U.S.	Canada	Europe	Caribbean	Hotel (1)	FR (2)
Average per party per trip	855	724	818	295	901	329
Average per person per trip	481	398	482	223	539	207
Average per person per night	57	36	48	69	60	20

- (1) Respondents staying in hotels, guest houses, and apartments.
 (2) Respondents staying with friends and relatives.

Source: Grenada, Visitor Survey 1982, vol.1, CTCRC, 1982, p.8.

Table 6:13

Stay-over Arrivals in the Caribbean (in '000's)

	1980	1981	1982	1983	1984
Bahamas	1,181.3	1,030.6	1,101.1	1,239.8	1,278.5
Bermuda	491.6	429.8	416.6	446.9	417.5
<u>(OECS Countries, total)</u>	314.5	296.3	292.7	325.1	382.0
Anguilla	5.7	6.2	6.7	7.8	10.8
Antigua and Barbuda	86.6	84.7	87.0	101.1	129.1
Dominica	14.4	15.9	19.0	19.6	22.2
Grenada	29.4	25.1	23.2	32.5*	39.5
Montserrat	15.5	15.6	15.0	14.3	15.9
St.Kitts/Nevis	32.8	35.5	34.5	34.3	39.8
St.Lucia	79.7	68.6	70.2	77.8	86.2
St.Vincent & the Grenadines	50.4	44.7	37.1	37.7	38.5
<u>Other Commonwealth Countries, Total)</u>	1,297.2	1,296.5	1,318.5	1,457.6	1,585.6
(Barbados' share)	369.9	352.6	303.8	328.3	367.7
(Jamaica's share)	395.3	406.4	467.8	566.2	603.4
<u>(Dutch West Indies, Total)</u>	591.0	627.1	649.2	606.9	690.6
<u>(French West Indies, Total)</u>	314.9	289.8	365.6	370.0	347.3
<u>(U.S.Territories, Total)</u>	2,007.4	1,917.1	1,903.7	1,874.8	1,865.9
<u>Other Countries, Total</u>	661.7	765.7	805.9	849.0	946.1
(Cuba's share)	94.0	121.0	139.3	162.3	206.6
(Grand) Total	6,859.6	6,652.9	6,853.3	7,170.1	7,513.5

Source: Adapted from CTCRC, Caribbean Tourism Statistical Report, (CTCRC, Barbados, p.69).

The dislocation of the tourism industry in revolutionary Grenada certainly hit the economy in an enormous manner given the importance of that sector to the nation's well-being. It is estimated that tourism contributes as much as 50 per cent of the country's foreign exchange earnings and, additionally, has important spill-over effects on employment (especially in the hotel and restaurant sector), tax revenues and the retail trade.¹²⁵

According to CTRC source:

'...the Hotel and Restaurant sector accounted for just about half of the tourist sector's contribution.¹²⁶ The sector employed 1,738 persons. Visitor spending was estimated ... to be US\$12.4 million in 1981 as compared to US\$18.6 million for domestic exports and US\$19.0 million for total imports. Most of the US\$12.4 million spent was attributed to tourists arriving by air.¹²⁷

Estimates provided by the PRG are roughly consonant with the CTRC figures. Thus in their 1982 'Revised Economic Memorandum on Grenada', the PRG wrote:

'Even in decline, tourism contributed about 49 per cent of Grenada's total foreign exchange earnings in 1981. In 1980, foreign exchange earnings were 18.5 per cent higher than total domestic merchandise exports. Performance of tourism in 1981 was lower than in 1980, and foreign exchange earnings declined by US\$2.0 million'.¹²⁸

A close examination of the figures for tourist arrivals for the entire

Caribbean reveals that Grenada's decline was particularly outstanding. Among the eight countries belonging to the Organization of Eastern Caribbean states (OECS), Grenada fared worst (see Table 6:13). Only two countries in this group, St.Lucia and St.Vincent exhibited a marked decline, and even then the decline was not as sharp as Grenada's. Besides the overall impact of declining numbers would be less severe in these two territories since they were in control of a larger share of the tourism trade. Between 1980 and 1982, for instance, St.Lucia had a cumulative total of 218,500 visitors (stay-over) compared to 78,300 for Grenada. In the case of St.Vincent the figure was 132,200 - just under twice Grenada's share.¹²⁹

The figures contained in Table 6:13, especially those for Grenada, attest to the fickleness and unreliability of the tourism industry. Again, they cast doubts on the viability of the PRG's development strategy. An international airport, no matter how well-endowed to provide comfort to travellers, by itself does not necessarily mean that more visitors will be attracted to that particular destination. The 'image' of the destination is perhaps the single most important factor that tourists take into consideration when making their holiday arrangements. The quest for holidays (especially somewhere in the tropics) amongst people living in industrialised economies has come to be almost inseparable from their culture. Although many are still too poor to materialise their wish, others still travel to distant lands overseas even in recessionary periods. In a period of recession these holidays are likely to be financed largely from past savings or they may be financed on 'Pay Back Plans' from credit institutions, who are only too happy to grant loans to consumers for just about any purpose.

There can be no doubt that the revolutionary process which was under way in Grenada and the adverse publicity which it attracted from unfriendly

countries, most notably the U.S., was at the root of this decline. Even conservative institutions such as the International Monetary Fund and the World Bank admit the severity of this factor although they take great care in pointing out other contributory factors, like the world recession and the deterioration of Grenada's tourism plant.¹³⁰

The fickleness of the tourism industry and the importance of 'image' to tourists can be gauged from the aforementioned Visitor Survey carried out in 1982 when the Grenada Revolution was in full swing. When asked if there was 'anything that they particularly liked or disliked about their visit to Grenada' a number of interesting remarks were made encompassing customs and immigration procedures, taxi services and ground transportation, hotels, restaurants, people, things to do, and even the Revolution, although they were not asked specifically to comment on it. Although responses were mixed they were generally unfavourable.¹³¹

Under the category 'Revolution', for instance, the following remarks were made: (i) 'As a socialist and member of the New Democratic Party in Canada, I was inspired by Revolutionary Grenada, and will encourage everyone to come and see it for themselves'. (ii) 'The people were very friendly and helpful. Our only recommendation would be to use another word for revolution, because revolution has a negative connotation to tourists'. (iii) 'Too much militaries'. (iv) 'Disliked over-emphasis on the revolution'. (v) 'Long Live the Revolution'. (vi) 'There is a sense of purpose and unlaziness which is hard to find in other countries. Long live the PRG'. (vii) 'Tremendously impressed with political initiatives and the consciousness of the people'. (viii) 'We disliked soldiers coming into the restaurants with large guns hanging over their shoulders'. (ix) 'When there are military manoeuvres it is best to tell the hotels to inform the guests

so that they would know what to expect'. (x) 'Disliked all the bad talk about the U.S. on radio and in the press, which makes the U.S. visitors uncomfortable'.¹³²

With respect to 'Customs and Immigration Procedures', visitors noted the following: (i) 'Welcoming at the airport, the entry is intimidating, long waiting period to clear immigration and customs'. (ii) 'Grenada is the only island we have ever had to open our baggage every time we come'. (iii) 'The people are kind and quick to help strangers, but some immigration officers could be harsh at times'. (iv) 'I disliked the intimidating immigration personnel at the airport'. (v) 'I disliked seeing the armed personnel at the airport'. (vi) 'Airport, immigration and customs, etc. leave as lot to be desired due to lack of facilities'. (vii) 'Airport and entry procedures enough to make you wish to return to Barbados straight away'. (viii) 'Immigration men took too long, and the men at the customs made me feel like a smuggler. The young boys handling the baggage at the customs were pushy'. (ix) 'Quicker entry process, more friendly attitudes of inspecting groups and better entry facilities' (See Table 6:14).

The plummeting of tourist numbers must have come as a surprise to the PRG given the amount of resources invested in this area during their brief tenure. The paradox of the situation is that Gairy did virtually nothing to promote tourism yet Grenada under him experienced a relatively prosperous trade for the most part. The only notable exception was the period after the disturbances of 1974 when the whole island rose in anger against him.¹³³

Nevertheless, the PRG's efforts in this area have been acknowledged and applauded by no less a body than the private sector organization, Grenada

Table 6:14 Visitor Satisfaction/Dissatisfaction with
Grenada's Tourism Product by Market (in %)*

	U.S.A.	Canada	Europe	Caribbean
Ease of entry	48.2	62.1	42.7	67.1
Immigration Personnel	51.2	56.5	44.7	68.4
Customs Personnel	50.0	54.4	45.6	61.0
Beaches	89.4	82.0	74.4	65.7
Accommodation	66.2	62.1	45.1	55.7
Restaurants	40.6	37.7	23.2	23.7
Sports facilities	30.6	26.2	13.4	21.1
Night Life	19.3	27.0	17.8	14.3
Local Transport	36.2	34.3	25.0	25.0
Excursions	46.5	49.2	28.2	23.5
Friendliness	71.4	75.4	66.7	75.0
Overall Cost of Visit	40.1	48.5	24.6	60.3

Source: CTTC, Appendix 3, p.7.

* The scores are expressed on a range of 1 to 5, with 1 denoting 'very dissatisfied' and 5 denoting 'very satisfied'.

Hotel Association (GHA):

'Government for the first time in the history of Grenada provided Ec\$1,100,000 budget (up from Ec\$700,000) in spite of the reduction¹³⁴ in available rooms on the island. This is highly commendable. Most of the promotions [overseas]... were sponsored by the Ministry of Tourism. Other areas well worthy of commendation are: (1) The opening of a Tourism Office in Toronto. (2) The creation of a Tourism Council, which has replaced the Tourist Board. The council is an advisory body to government on all aspects of tourism. (3) The hosting of an O.A.S. team in May/June, whose mission it was to recommend a plan of action for the development of tourism attraction and sites. (4) On-going seminars for taxi drivers, vendors and other tourism personnel'.¹³⁵

The promotion tours which the President alluded to in his 1982 Report were as follows:

- (1) World Travel Market - England, December 1981
- (2) Market place 1982 - Jamaica, January 1982
- (3) International Tourism Exchange - Berlin, February/March 1982
- (4) Caribbean Tourism Association North East Travel Trade Show - New York, March 1982
- (5) Grenada Canadian Promotion across Canada - April/May 1982
- (6) Trinidad Promotion - May 1982

- (7) Grenada Canadian Promotion - September/October 1982
- (8) Caribbean Tourism Association North East Fall Travel Trade Show and Grenada Presentation, New York - October/November 1982
- (9) Trade Shows in Brussels and London - November/December 1982¹³⁶

In the words of the President, Mr Royston Hopkin,

'In spite of a significant decline in stay-over visitors to our island during the past year, member hotels of our Association have participated in more promotional tours than ever before in the history of our Association'.¹³⁷

Other unprecedented initiatives included the restructuring of the country's tourism organization to include a Ministry of Tourism with its own Minister of Tourism. For the first time a full time Director of tourism was appointed. The Director, Jane Belfon, was potentially a tremendous asset to the industry given her wealth of experience in this area, including service overseas.¹³⁸ But her presence made no appreciable difference to the depression in Grenada's tourism. Neither did the Banderanti Commuter Aircraft which the government purchased for US\$1.5 million to mitigate the air access problem. The establishment of a Grenada Interline Desk at the Grantley Adams International Airport in Barbados was also an important innovation, albeit one which, again, failed to generate the anticipated benefits. Whatever it did, the writing was now on the wall. The image of the country in western circles had been brought into disrepute, and, with it, the tourism industry in which the PRG had placed so much hope. Moreover, the United States, Grenada's arch enemy, would ensure that the island's image continue to slip disastrously in the marketplace. According to evidence compiled by the revolutionary government the United States Inter-

national Communications Agency (USICA) was guilty of waging a massive negative propaganda campaign against the Grenada revolutionary process:

'Only three weeks ago [i.e. beginning of July, 1981] in New York, in Brooklyn and Manhattan, the third survey since the revolution was done by our comrades in New York. This survey took the form once again of getting people to contact different travel agencies and tour operators in the New York area inquiring about holiday trips to Grenada. 12 of the 18 agencies approached made it clear that Grenada was not a safe place to come, that Grenada (as they put it) was a Soviet and Cuban proxy, and went out of their way to try to stop these tourists from coming to our country. When pressed, several of them admitted that this information was given to them by the State Department'.¹³⁹

Bishop also asserted that USICA was guilty of encouraging Caribbean journalists to report unfavourably on the Revolution.¹⁴⁰ Just how active the media was is evident from the amount of space major newspapers devoted to Grenada. In June 1981 alone a total of 144 articles were published in nine regional newspapers on the Revolution. Another 103 articles were published by the same newspapers during the period 15th - 30th September, 1981 - an average of 6.5 articles per day. The tone of these articles was malicious for the most part. The Daily Gleaner of Jamaica was particularly scathing in its attacks. The frequency of its adverse front-page articles made it known in Grenada as the 'El Mercurio' of the Caribbean. The

electronic media was also active. January 1981 saw the screening of the infamous CBS documentary 'Attack on the Americas', followed by 'The Prisoner and the Police State' in May of the same year.¹⁴¹

To counter such allegations the government issued a personal invitation to foreigners under the slogan Don't listen to foreign propaganda, come and see for yourself. The nature of what was reported in the foreign media is evident from the following text:

'Those who claim that we have cut down the forests in Grand Etang and have now pitched the roads where the forests used to be and have missiles aimed at neighbouring islands, let them go to Grand Etang and when they return home report what they saw. Those who claim that there is a naval base in Carriacou, let them travel to Carriacou - it is only 10 minutes by plane - and if they find any naval base we would like to see it ourselves. Those who publish photographs that show barbed wire blocking off our beaches, we invite them to go to all of our beaches and if they find one with barbed wire tell us, we want to see it. Those who ask "what are the Cubans doing here" those who ask "why do we need an army", those who say "why do we have a militia", those who say "why are we always talking about destabilization", those who feel that they must come here and question us about how much arms we have and where the arms come from and what we need the

arms for, let us give them the answer that the free people of Grenada have been giving. Let us give them the answer that whenever Gairy or mercenaries or any other counter-revolutionary elements land on our beaches they will discover the size of our army, how many guns we have, where the guns come from, and whether we can use the guns'.¹⁴²

This 'propaganda destabilization', as the PRG termed it, was a major setback for the PRG on the economic front. The Revolution was still in the formative phase and (apart from the tourism sector) there was no other sector in the economy with the capacity to generate much-needed foreign exchange in the short term (and the PRG had already committed the lion's share of its scarce resources to tourism development). The counter-attack from the PRG in the Grenada media did not help the situation. The anti-United States pronouncements were often interspersed with slogans such as 'Every tourist is a potential destabilizer'.¹⁴³ The Grenadian staff in the overseas tourism departments complained in vain that the government's rhetoric was severely undermining their efforts to sell Grenada to would-be visitors. They were constantly told to ignore what was being said at home on Radio Free Grenada.¹⁴⁴ The government's counter-attack was to prove to be doubly counterproductive since it infuriated large segments of the private sector. A Report on the industry tendered to the government in June 1981 by the Grenada Chamber of Commerce and the Grenada Hotel Association advised the PRG to 'abandon counterproductive political rhetoric'.¹⁴⁵ The Report states further 'we cannot complain of adverse publicity and bad press reports overseas when our own media do more damage to the industry than any other'. The direction of the government's foreign policy also came under

sharp attack. Reference was made to Grenada's voting pattern in the United Nations and its open friendship with communist countries - countries which add very little to the well-being of Grenada's tourism. The strategic role of the U.S. in Grenadian tourism and the influence which the U.S. wields in the West was also highlighted. Hence the two private sector bodies stressed 'the people and their representative governments in our market cannot be separated. A rhetorical attack on such governments is taken by the people to be an attack on the nation. People will not often spend discretionary income on their enemies'.¹⁴⁶

The findings of a survey on vendor trade, conducted in January 1981, was also brought to the government's attention by the Grenada Chamber of Commerce and the Grenada Hotel Association. According to this survey the number of vendors engaged in the sector fell from 160 in 1979 to 80 in 1980. When asked 'what do you think are the causes for the fall in the tourist trade?', 20 per cent expressed the view that 'the CIA [were] keeping people away', 30 per cent said 'Maybe they are afraid to come to Grenada', and 50 per cent reportedly said 'The tourists are staying away because the Cubans are here'.¹⁴⁷

Under these circumstances where hoteliers were experiencing declining fortunes¹⁴⁸ - a situation which they attributed fundamentally to the image of the country - it is unlikely that the private sector would respond to the government's call for increased investment in tourism plants to meet the requirements of the new airport.¹⁴⁹ The downward trend in Grenadian tourism (we could even say dislocation) suggests quite clearly that the new airport would not provide any magic answer to Grenada's development problems. Neither could more aircrafts, better staffing at the local tourism board, increased public utilities, more and better hotels, or even increased

promotional campaigns overseas. The real cause of the country's un-attractiveness was its anti-imperialist, pro-Soviet stance and the adverse publicity which it has consequently attracted. This image is hard to reverse once acquired - witness the Jamaican experience in the 1970s under Michael Manley.¹⁵⁰ As Jamaica's subsequent experience shows (and later Grenada under Herbert Blaize) a return to the model of dependent capitalism was a vital prerequisite to the improvement of the tourism climate in both of these cases.

1. See A. Mathieson and G. Wall, Tourism: Economic, Physical and Social Impacts (Longman, London and New York, 1982) especially chapter 3 for a detailed discussion of the economic impacts of tourism, and the superiority of the tourist product vis-à-vis other export products in underdeveloped economies.
2. See H. Zinder and Associates, The Future of Tourism in the Eastern Caribbean, (Washington, D.C., 1969).
3. Interestingly, they themselves admitted that available data on tourism are 'notoriously shaky. And in some cases, we have simply had to develop the data from scratch' (Zinder et al, ibid.), p2.
4. Ironically, one of the central themes of the Report is the uneven development of the tourism product in the Eastern Caribbean (international domestic transportation, attitudes towards tourists, hotels, things to do, see and buy, roads, utilities and other services, and prices). For example, they note 'In the case of Dominica, Grenada, and Montserrat, new air terminal facilities are a must' (ibid, p15). They noted further that what the islands have in common is 'sun and water' (p7). Since the latter are not well developed they cannot be termed 'beach'. It is this underdevelopment of tourism facilities that the Report sought to address.
5. See Zinder et al, ibid, pp 38-39.
6. Zinder et al, ibid., p35.
7. K. Levitt, and J. Gulati, 'Income Effect of Spending: Zinder Report', Social and Economic Studies, (vol.19, 1970).
8. J. Bryden and M. Faber, 'Multiplying the Tourist Multiplier', Social and Economic Studies, (vol. 20, 1971).
9. See Zinder et al, op.cit., especially pp 159-178 and pp 181-199.
10. They even produced figures to prove the lucrativeness of gambling. This was based on the Puerto Rican experience where they noted that gross income from the country's 13 casinos was US\$80 million, and net income (i.e. after bets have been deducted) was US\$16 million (Zinder et al. p124).
11. Zinder Report, ibid, p139.
12. Zinder Report, ibid, p139.
13. The island is commonly referred to as the 'yachtman's paradise.' A popular tourism pamphlet describes it as 'an emerald on the golden chain of Caribbean islands. You cannot miss the friendly charm of the people - our island's most valuable resource. Added to this are our existing local cuisine, special rhythms, sparkling streams and waterfalls, lush green mountains, beautiful white sand beaches and numerous uninhabited offshore islands. These are just a taste of our many attractions to whet your appetite' (Grenada, Carriacou, Petit Martinique, Visitor's Guide, 1987, p1).

An earlier guidebook, prepared during the PRG's administration, describes the island in even more glowing terms. Grenada, Isle of

Spice, was acclaimed 'the most beautiful island in the Carribbean'. 'Somewhere in our innermost thoughts most of us cherish the depth of escape to an island paradise - to some small private haven of dazzling white-sand beaches, lush green valleys and magnificent, green-clad mountains - where golden sunshine glitters excitingly over turquoise waters. In an imperfect world such dreams can never be completely realised, however, but among islands the world over, a place very near the top must be given to Grenada...' (Grenada, Isle of Spice, p2).

14. That is to say, tourism was regarded as a quick foreign exchange earner and not part of an overall national development plan.
15. For the most part all the islands suffer from poor and inadequate roads. Thus Zinder wrote: 'In none of the islands are the roads adequate We refer here to the cracks and pot-holes and hairpin turns that make driving not only tediously slow in some cases, but also dangerous. Often car drivers live lives of split millimetre co-ordination between horn blowing, jamming on the brakes, or often backing off the road (or back down the road) when met by a truck' (Zinder Report, p106).
16. Zinder Report, p269.
17. See Zinder Report, especially pp 172-176, for the full list of their suggestions for dealing with the 'seasonality problem'.
18. K. Levitt, and J. Gulati, op.cit., p329.
19. J. Bryden, and M. Faber, op.cit., p67.
20. The concept, multiplier, is a simple macroeconomic notion associated with Keynesian economics. Simply put, it asserts that changes in autonomous expenditure will have a multiplying effect on income. The ultimate income generated will be some multiple of the initial expenditure which brought it about. The size of the (multiplier) impact will be largely dependent on the extent to which the expenditure is passed on in the domestic economy. This implies that the more diversified and self-sufficient the domestic economy is, the greater will be the size of the multiplier. Otherwise a significant part of the tourist expenditure (in this case) will be leaked away to pay for imports. (See Mathieson and Wall (1982) op.cit., pp65-68 for formulas for computing the value of the multiplier).
21. J. Bryden and M. Faber, op.cit., p69.
22. Two good examples, especially from the perspective of the Commonwealth Caribbean, are: J. Bryden, Tourism and Development: A Case Study of the Commonwealth Caribbean, (Cambridge University Press, Cambridge, 1975). See also D. Marshall, Tourism and Employment in Barbados, (Occasional Papers Series No. 6, Institute of Social and Economic Research, U.W.I., Barbados, 1978).
23. In the main sub-sector of the tourism industry where jobs are generated directly it is commonly assumed that one job is created for every hotel room. This ratio is a measure of the labour-intensity of the sector. In recognition of the stimulus that tourism activity generate in the 'informal sector' some analysts

further assume that for every one job created (directly) in the 'formal sector' another (one) job is created in the informal sector (indirectly). This simple 'rule of thumb' has been criticised for its lack of empirical basis. (See Marshall, 1978, p9).

24. J. Bryden, op.cit., p73.
 25. It may now have to do without these goods and/or services, enjoy less of them, or fill the gap by increasing its dependence on another society - with all that this implies for scarce foreign exchange. It may even end up raising wages over and above worker productivity just to stem the drift to tourism activities. Again, the consequence is likely to be undesirable since inflation is likely to result in this case. Attractive wages or opportunities to earn a few quick dollars may also contribute to the beach-boy phenomenon - so well known in the Caribbean.
 26. Marshall examined significance with respect to employment in tourism as a proportion of the total work force, employment in relation to the amount of capital required to produce these jobs, and employment in relation to employee/room ratios.
 27. Marshall found that there is a large variation in the employee/room ratios 'depending on the type of accommodation offered'. These ranged from two employees per room in luxury hotels to one employee per two rooms in guest houses and other categories of self-catering establishments (Marshall, 1978, p35).
 28. Marshall, ibid., p44.
 29. Studies on the non-economic dimensions of tourism have received very little attention compared to those which deal with the 'economic impact' of the sector. Among the factors which contribute to this gap are: (i) the difficulties in subjecting non-economic consequences and costs to rigorous, quantifiable analyses, (ii) the relative lack of widely accepted methodologies for measuring non-economic costs, (iii) the relative absence of this type of data (unlike data on tourist expenditures, tax revenues, and the like which are normally collected by government departments) and (iv) the bias of many of the agencies which seek to promote tourism - concerned as they are with the 'positive' side of tourism.
 30. J. Bryden and M. Faber, op.cit., p73.
 31. N. Abdulah, (ed), The Social Impact of Tourism on Tobago, (Institute of Social and Economic Research, U.W.I., Trinidad, 1974), p10.
 32. G. Doxey, 'A Causation theory of visitor - resident irritants, methodology, and research inferences', in The Impact of Tourism, (Sixth Annual Conference Proceedings of the Travel Research Association, San Diego, 1975).
- Doxey's framework is based on evidence drawn from the experience of Barbados and Niagara-on-the-Lake in Ontario, Canada. The change depicted in the framework is assumed to be uni-directional. (Cited in Mathieson and Wall, op.cit., pp137-138).
33. E. Cohen, 'Who is a Tourist?: a conceptual clarification', Sociological Review, (vol. 22, 1974).

34. These 4 categories of tourist are amply discussed in Mathieson and Wall, op.cit. See also Economist Intelligence Unit, The Economic and Social Impact of International Tourism on Developing Countries, (E.I.U. Ltd, Special Report No. 60, May 1979).
35. It is usually mass, institutionalised tourism which analysts have in mind when they charge that tourism is nothing more than a new form of colonialism and imperialism. As in the past, the tourist typically comes from the developed country and the economic and social relationship persists without any major alteration.
36. See Mathieson and Wall, op.cit., especially chapter 5.
37. The environmental impact may include the following: air, water, thermic and soil pollution, destruction of landscape, damage to plants and animal life (See Economist Intelligence Unit, May 1979, p87).
38. J. Holder, 'Tourism, The Largest Single Industry in the Caribbean' (Interview with Holder conducted by R.D.B.), in The Courier no.80, (July-August 1983), p46.
39. J. Holder, 'The Role of Tourism in Caribbean Development' in The Courier no.63, (September-October, 1980), p79.
40. 'Line of March Address', in Seabury and McDougall, 1984, op.cit., p 75.
41. M. Bishop, 'The New Tourism', Address to the Regional Conference on the Socio-cultural and Environmental Impact of Tourism in the Caribbean', (St. George's, December, 1979), in Maurice Bishop Selected Speeches, op.cit., p68.
42. M. Bishop, 'The New Tourism', p69.
43. Bishop, 'The New Tourism', p69.
44. M. Bishop, *ibid*, p69.
45. M. Bishop, *ibid*, p70.
46. According to Medlik and Middleton (1975) the tourism product is a composite phenomenon which 'covers the complete experience from the time he leaves home to the time he returns to it. In other words, the product is not an airline seat, or an hotel bed, or relaxation on a sunny beach, but rather an amalgam of many components or a 'package'.' See S. Medlik and V. Middleton, 'The Tourist Product and its Marketing' in A.J. Burkart and S. Medlik (eds), The Management of Tourism, (Heinemann: London, 1975), p132.

Medlik's and Middleton's definition captures the fickleness of the product. The attractions of the destination, the way the country is subjectively perceived by the tourist, the facilities on offer (accommodation, entertainment, recreation, and catering), and accessibility of the destination are all part and parcel of the product. And variations in any of these could affect the flow of visitors to the particular destination.

47. M. Bishop, 'The New Tourism', p70.
48. M. Bishop, 'The New Tourism', p71.
49. It must be noted that the statements embodied in the 1973 manifesto were more forceful and unequivocal in their call for a new type of tourist 'who would love to come here but cannot afford the present prices'. But once in power the government realised that though low-spending tourists were important, it was more important to procure as much economic benefits as possible from the industry. Non-affluent tourists were thus reduced to a 'complementary role - to be mainly targeted in the off season. nonsense!
50. M. Bishop, 'The New Tourism', p72.

Plans were made to target special interest groups who may be interested to observe the island's culture in action as well as to get a first hand experience of the process of change that was under way in Grenada. For example, overseas-based teachers may wish 'To come and see what is happening in the Centre for Popular Education programme or in the National In-Service Teacher Education programme'. See M. Bishop, Address made on 25th February, 1982 to open the 'Conference on the Economy for Managers/heads of State Enterprises' in 'To Construct from Morning', op.cit., pp91-92.

51. See 'Line of March Address', in Grenada Documents: An Overview and Selection (Washington, D.C: US Department of State and Department of Defense, September 1984), p30.

(Note, this volume by the US Department of State - unlike Seabury and McDougall - reproduces the full text of the 'Line of March Address'. However, unless otherwise stated, all reference to this Address is based on the volume by Seabury and McDougall).

52. See for instance, F. Ambursley, 1983, op.cit. and J.R. Mandle, Big Revolution Small Country.
53. The basic challenge for the PRG was to develop the maximum linkages between tourism and other sectors of the economy, generate an equitable distribution of benefits from tourism and ensure that tourism develop in a way which is compatible with the local culture and goals of the revolution. This was a rather formidable challenge - indeed, one which was perhaps unattainable even in the long-term.
54. For details of these, see OAS/PRG Document 'Physical Tourism Development Plan Zone, Grenada', (1983). Zone 1 refers to the south-western part of the island, with major focus placed on the Grand Anse area. As stated in the document the main term of reference was to assess the physical potential for tourism-growth in all of zone 1 and to identify appropriate areas for the location of tourism facilities and where possible, support services, make recommendations on infrastructure requirements to support growth, make recommendations to help realise integrated and harmonious land use, appropriate building density, height, setback and maximum size in tourism facilities and make provisions for the integrated use of natural and man-made resources by Grenadians and tourists' (p1). The team recommended in part that hotels should not be more than 2 storeys high and must not exceed 150 rooms. Natural ventilation must also be considered during construction to economise on the use of energy.

55. Attempts were also made 'to stimulate much fuller use of Grenada's rich, scenic, historic and cultural heritage for national development in a way which will preserve it for future generations'. See 'Report to the People's Revolutionary Government of Grenada on the Touristic Potential of Grenada's Historical Monuments, Buildings, Landmarks and other Places of Scenic Beauty and Interest' by Brian J. Hudson, Dept. of Geography, University of the West Indies, Mona, Kingston, Jamaica. (October 1979).
56. Embassy of Grenada, 'Proceedings of Aid Donors Meeting Held in Brussels at ACP House on 14-15 April 1981: International Airport Project - Grenada', p4.
57. Cited in 'Proceedings of Aid Donors Meeting ...' p5.
58. B. Hudson, 'The Changing Caribbean: Grenada's New International Airport', Caribbean Geography, (vol 1, No.1, May, 1983), p52.
59. The largest aircraft that Pearls could accommodate was the AVRO. Turbo-prop with a maximum seating capacity of 48 passengers. This meant that travellers outside the Caribbean could not always secure confirmed onwards bookings to Grenada. Besides, they had to compete with the less affluent Caribbean visitors for limited seats. This was a further disadvantage to Grenada's tourism industry.
60. See M. Bishop, 'The New Tourism', p71.
61. See 'Proceedings of Aid Donors Meeting ...' p5.
62. 'Proceedings of Aid Donors Meeting ...' p11.
63. Cited in O.A.S Secretariat, 'Economic Study of Grenada', (Washington, D.C., September 1977).
64. OAS Secretariat, *ibid.*, p5.
65. Cited in OAS, 'An Economic Study of Grenada', p28.
66. OAS Secretariat, 'Economic Study of Grenada', p29.
67. Cited in 'Proceedings of Aid Donors Meeting', p11.
68. B. Hudson, 'The Changing Caribbean...', p54.
69. OAS Secretariat, 'Economic Study of Grenada ...', pp 31-32.
70. See 1973 Manifesto of the NJM, op.cit., p 149.
71. Interview conducted by the writer with former Minister for Legal Affairs, Agro-Industries and Fisheries, Kenrick Radix, in June 1987.
72. Cited in Barbados Advocate, 10th April, 1983.
73. 'Proceedings of Aid Donors Meeting..', p4.
74. 'Proceedings of Aid Donors Meeting ...', p19.
75. The motive(s) for such a generous assistance from a country which is still trying to come to grips with its own economic woes remains a moot point. Was Cuba acting on behalf of the Soviet Union as some

interests believed? The United States are yet to produce hard evidence to support this claim.

76. G. Sandford, and R. Vigilante, op.cit., p90.
77. Author's interviews with Messrs. Randix and Ramdhanny in June, 1987.
78. OAS Secretariat, 'Economic Study of Grenada...', p 26.
79. 'Proceedings of Aid Donors Meeting ...', p6.
80. 'Proceedings of Aid Donors Meeting ...', p20.
81. Incidentally Coard was not alone in this belief. According to Mr Byam, a CBD based economist who was assigned to Dominica for 2 years, the Prime Minister of Dominica, Eugenia Charles, sees Dominica's salvation as resting on an international airport.

However, recognising the emotiveness of the term 'international airport' she uses the euphemism 'international site' when discussing the need for such a project with potential aid donors (author's interview with Mr. Byam in May, 1987).
82. Interestingly another regional airline, British West Indian Airways (BWIA) is better known in the West Indies as 'But will it arrive?'.
83. CTRC, 'Grenada: Visitor Motivational Survey', vol 1, Summary and Methodology, (Barbados, 1982), p8.
84. J. Mandle, Big Revolution Small Country, p29.
85. So long as this downward trend continued the government would not be able to repay the funds borrowed to finance the project, at least not in the short term as they had anticipated. As depicted in table 6:5 a profit was expected from the venture by 1985. This was expected to reach the grand figure of EC\$M 22.36 by 1990.
86. World Bank, 'Economic Memorandum on Grenada', preliminary version, (April 1982), p16.
87. World Bank, 1982, (preliminary version), p16.
88. World Bank, 1982, preliminary version, p16.
89. Insurance Companies in the island were also obliged to purchase airport bonds with 10 per cent of their premium income. In return they would be paid an interest of 6 per cent per annum, tax free (see PRG, To Construct from Morning, 1982, p128).
90. 'Proceedings of Aid Donors Meeting ...', p4.
91. Referring to this aggression from the United States Coard remarked:

'One comrade from Kuwait showed me an entire book of newspaper clippings in the Kuwait press dealing with our International Airport. That would give you an idea of the world-wide campaign, translated into several languages. The objective was to prevent us from getting the additional US\$30m

required to complete the building of our International Airport...'

(B Coard, 'National Reconstruction and Development...', p37.

92. See Report on the National Economy for 1981..., pp21-22.
93. B. Brown, 'A Proposed Programme for the Development of the Handicraft Industry in Grenada', (St. George's, Grenada, July 30th, 1979), p14.
94. B. Brown, 'Report on the Handicraft Development Project for the period 15th May - 15th December, 1982', (St. George's, Grenada, 1982), p28.
95. The sophistication of items produced by the Amerindians is evident from the impressive collection of their craft samples which are on display in Grenada's National Museum.
96. As stated candidly by PRG source 'Grencraft appeared to have been operating on a 'hand to mouth' basis and mainly concerned with shop and boat sales. So far as overseas marketing was concerned, Grencraft was ill-equipped to deal in competitive marketing situations - in need of very basic prerequisites such as standardised, realistic costing of goods, the compilation of a standard wholesale and retail price list, brochures, posters and updated and accurate catalogue's. (B. Brown, 'Report on the Handicraft Development Project ..', p10).
97. Ministry of Finance, 'Grencraft', (St. George's Grenada, 1982), pp 1-2.
98. See Ministry of Finance, 'Grencraft'.
99. B. Brown, 'Report on the Handicraft Development Project...', p 11.
100. B. Brown, *ibid*, p12.
101. B. Brown, *ibid.*, p15.
102. B. Brown, *ibid.*, p52.
103. See B. Brown, *ibid*, pp 18-22.
104. Brown, *ibid.*, p37.
105. Brown, *ibid*, p37, Note the Prime Minister's remark is further evidence of the objective problems (lack of skilled technical personnel in this particular case) which small, underdeveloped countries face in their quest for structural transformation and material betterment. Infact, although this particular project was approved it was never fully implemented due to financial constraints - another daunting problem faced by these countries.
106. See CTRC, 'A study of linkages Between Tourism and Local Agriculture in Grenada, St. Vincent, St. Lucia and the Bahamas' (CTRC, Barbados, 1983).

Although the survey was conducted by the Caribbean Tourism Research and Development Centre (CTRC), the PRG was instrumental in its organisation. The study was funded by the USAID and CBD.

107. See CTRC, 1983, Chapter 5, p 19.
108. See CTRC, 1983, Chapter 5, p 20.
109. See CTRC, 1983, chapter 2.
110. CTRC, 1983, chapter 2, p1.
111. CTRC, 1983, chapter 2, pp 11-12.
112. J. Mandle, Big Revolution Small Country, p41.
113. R. Baynes, 'The Ideal Environment for Effective Agricultural Credit in the Caribbean', in Proceedings of the Twelfth West Indies, Agricultural Economics Conference, (Trinidad: University of the West Indies, 1977), pp 175-176.
114. Author's interview with Jane Belfon in June, 1987.
115. Cited in New York Times, (Sunday, February 5th, 1984).
116. Ramada Renaissance has 184 rooms (Visitors' Guide (1987), Grenada Tourism Industry, p11).
117. Author's interview with the owner/manager of Blue Horizon, Mr. Arnold Hopkin, in June, 1987.
118. Author's interview with Mr Arnold Hopkin in June, 1987.
119. See Report on the National Economy for 1982..., p65.
120. See Report on the National Economy for 1982..., p65.
121. The number of cruise passengers would have been substantially less had it not been for the diversion of some cruise ships from Trinidad and Tobago, owing to an epidemic there in 1979 and 1980 (See PRG, 'Revised Economic Memorandum on Grenada', June 1982, p11).
122. These figures were obtained from the Department of Tourism in Grenada.
123. According to Mr Arnold Hopkin, prominent hotel owner and manager in the island, a great deal of the tourists who came during this period were different from the conventional set. They were young professionals; social scientists for the most part, who were interested in analysing the changes that were taking place in the society (Author's interview with Mr. Hopkin, held in June 1987).
124. This is particularly true for Trinidadians (the largest group from the Caribbean visiting Grenada) who invariably have some relative in Grenada.
125. See Economic Commission for Latin America and the Caribbean 'Economic Survey of Latin America and the Caribbean, 1982' (United Nations, Santiago, Chile, 1984), p101.

126. According to the PRG 'Report on the National Economy for 1981...., growth in the hotel and restaurant sector was negative during its tenure. For 1980 the figure was -6.2 per cent while for 1981 it was -20 per cent. In the case of the wholesale and retail trade, growth for 1979 was 2.9 per cent, 2.0 per cent for 1980 and -2.2 per cent for 1981 (Report on the National Economy for 1981...., p6).
127. CTRC, 'A Study of Linkage...', chapter 5, p4. Note, air arrivals contribute approximately 90 per cent of foreign exchange earnings in the sector (Report on the National Economy for 1981...., p11).
128. PRG, 'Revised Economic Memorandum on Grenada', (St. George's, Grenada, 1982), p12.
129. Although figures are not readily available on tourism arrivals in early post-revolutionary Cuba it is believed that Cuba's tourism industry was severely dislocated during the formative years of the Revolution. (Interview with officers at the CTRC, Barbados, in May, 1987, including Mr. Victor Kirton, chief statistical officer). Even today the largest influx of visitors come from the socialist countries. Jamaica, too, experienced a similar fate as noted below.
130. See I.M.F., 'Recent Economic Developments', March 1981, p30.
131. See CTRC, 1982, (Appendix 3), for the full range of comments.
132. CTRC, 1982, Appendix 3, pp 8-9.
133. Again the response of tourists to the so called Independence Crisis demonstrates the fragility of the tourism industry.
134. Under the PRG this budget was progressively increased. In 1980, for instance, it was EC\$150,000 - a modest figure but yet substantial compared to the tourism budget under Gairy's administration. According to Jane Belfon, Director of Tourism under the PRG, Grenada almost lost its membership in all the tourism promoting institutions (regional and extra-regional) as a result of Gairy's failure to pay membership dues. In fact, the island was forced out of the World Tourism Association (WTA) for this reason. It is still not a member because the government cannot afford to pay the huge arrears which have accumulated over the past twenty years. Interview held in June 1987 with Jane Belfon).

[A fire broke out at the island's largest hotel, The Holiday Inn, in 1981 just before the commencement of the Winter (peak) season. This 'mysterious' fire, as it is commonly dubbed in the island, eliminated at one stroke 33 per cent of all the rooms in the island and 50 per cent of first-class room facilities (See PRG, Grenada is not alone, p35)].
135. G.H.A., 'Report of the President to the Twenty first Annual General Meeting', (November 1982), p4. Emphasis added.
136. GHA, 'Report of the President to the twenty first Annual General Meeting', p2.
137. GHA, *ibid*, p1. Emphasis added. In a similar vein an OAS consultant team in 1983 remarked 'The OAS has perhaps provided the greatest technical assistance in tourism to Grenada in the past few years, ...' (OAS study, Physical Tourism Development Plan Zone 1, Grenada,

1983, p1.). This can be taken as further evidence of the PRG's strong commitment to tourism development.

138. An American woman was also hired to promote Grenada in the U.S. Reportedly, this officer was paid a salary of US\$6,000 per month 'with all expenses paid' (cited in Trinidad Express, Thursday 22nd October, 1981).
139. Bishop, 'Not only when the Marines Land there must be Outcries but ...', speech made at the opening of the regional meeting in Grenada of the Socialist International, July 23, 1981, in Bishop, M., Forward Ever! Three Years of the Grenadian Revolution, (Pathfinder Press, Sydney 1982), p212.
140. M. Bishop, 'Not only when the Marines Land...', pp 212-213.
141. See U. Whiteman, 'Birth of a New Foreign Policy', (Minister for Foreign Affairs) Speech made at the First International Conference in Solidarity with Grenada, November 1981, in Grenada is not alone, especially p120 and p137.
142. M. Bishop, 'Forward Ever! Against Imperialism and Towards Genuine National Independence and People's Power', Speech delivered to a meeting in St. George's on March 13, 1980, in M. Bishop, Forward Ever..., p126.
143. Author's interview with Beverley Steele, Resident Tutor of the Extra-mural Department, University of the West Indies, in June, 1987.

Tourists were sometimes questioned and even physically assaulted by PRG supporters as they enthusiastically probed into whether or not the tourists were 'destabilizers', i.e. connected to the Central Intelligence Agency (author's interview with Beverley Steele). This information is further confirmed by a private sector paper presented at a local conference in 1982. The document notes 'Grenada is ... perceived in yachting circles to be hostile to cruising as a few natural harbours are closed to anchorage and there have been a few unfortunate incidents with security personnel' (Grenada Chamber of Commerce, 'Memorandum for Proposed Conference on Employment and Economic Growth: Brief History of the Private Sector', (1982), p10). Besides, the government's constant plea to Grenadians to guard against an imminent invasion generated a real sense of fear, panic, and instability - thus helping to tarnish the country's image.
144. Authors' interview with Jane Belfon in June, 1987.
145. Cited in Barbados Advocate, Wednesday 17th June, 1981.
146. Barbados Advocate, ibid.
147. Cited in Trinidad Express, Thursday, 22nd October, 1981 - article captioned 'Revolutionary Policies have Backfired'.
148. Hotel occupancy rates for Grenada was as low as 28.5 per cent of total room capacity in 1982 (OAS study, 'Physical Tourism Development Plan Zone 1, 13.

149. Other problems which worried hoteliers include the frequent disruptions in water, electricity, and telephone supplies that have plagued tourism in recent times. According to the OAS Study 'periodically all of Grand Anse was without central power and frequently water was not available on the second floor of a main hotel' (OAS, 1983, p19).
150. See E. Stephens, and J. Stephens, Democratic Socialism in Jamaica: The Political Movement and Social Transformation in Dependent Capitalism, (London: Macmillan, 1986). Referring to the crisis in Jamaica's tourism during this period they write: 'The concentration of the decline among US Tourists shows clearly the effect of the adverse campaign concerning violence, political instability and presumed Cuban influence in Jamaica which was carried on by the US Press' (p128). They note further 'The alarmists articles, columns, and letters in the Gleaner had their counterpart in a series of extremely critical articles in the US and Canadian press. Some of these articles contained outright lies, in particular about Cuban influence in Jamaica' (Stephens and Stephens, *ibid*, p135). This reaction from visitors reveal how sensitive Western Visitors generally are towards a leftist ideological profile.

Chapter 7

CONFLICT OR CO-OPERATION?: THE RELATIONSHIP BETWEEN THE PEOPLE'S REVOLUTIONARY GOVERNMENT AND THE PRIVATE SECTOR

Introduction

Much to the chagrin of the PRG, its relationship with the private sector proved to be one characterised by deep-seated conflict and mutual distrust. The revolutionary government opted for the mixed economy model - state sector dominant - in the hope that it could continue to draw on the skills, experience, material resources, and market connections of the private sector. Market connections were particularly indispensable for as the party articulated in its 'Line of March': 'The capitalist prefers to deal with the capitalist and capitalist governments allow other capitalists to come in, even when their government is a socialist oriented government like our government in Grenada'.¹

Collaboration with this all-important class was to be sought principally by granting economic incentives, engaging in constant dialogues with them, and meeting with them regularly to assure and re-assure them that they will not be eliminated by the state. But there was a fundamental and irreconcilable contradiction between the requirements of the non-capitalist path and the sectional interests of the private sector. The latter were bitterly opposed to any policies which impinged on the process of capital accumulation and realisation of profit. These policies were equally unwelcome if they bred fears and uncertainty for the attainment of their ends, not just in the short run but also in the distant future. Not surprisingly, the 'investment climate' came to be one of the most hotly debated issues among Grenadian businessmen.² This was particularly so

after the first year of the Revolution when clearer signals were received about the direction of the government.

For its part, the state sought to lay the material, cultural, ideological, and political bases for the construction of socialism. As we have seen (see chapter 4) this entailed the development of the productive forces of the economy, infrastructural development, changing the relations of production between capital and labour, preparing the workers and peasants for power, central planning (made possible by the creation of an increasingly large and dominant state sector), and the subordination of individualism and the profit motive to socialist/collectivist forms of consciousness.

Pursuing such a path successfully via the mixed economy schema presupposes the existence of a bourgeoisie which is patriotic, nationalistic, and ideologically naive (and even confused)³ about the destination of the government. But this was not the case with the bourgeoisie in Grenada. They were not prepared to co-operate fully in a process which they perceived (rightly or wrongly) would lead to their eventual destruction as a class. Substantial elements of the plan were outlined in the NJM's 1973 manifesto,⁴ which many members of the private sector had read. Besides, they were fully aware of what was being taught in the worker education classes organised by the NJM. The government's futile search for a patriotic national bourgeoisie and the reaction from the private sector was thus a crucial aspect of the revolutionary process requiring a study in depth if the processes of transformation are to be fully understood.

The Development of an Uneasy Relationship

The government's first major meeting with the private sector took place on May 24th, 1979 - just over one month after they took power. This was the occasion of the Annual General Meeting of the Grenada Chamber of Industry and Commerce (GCIC), at which Deputy Prime Minister and Minister of Finance, Bernard Coard, made an address which dealt with various private sector issues.

The address began with a statement on the importance of budgetary control and legacies from the previous Administration. Not only were huge debts contracted but they were wastefully and corruptly used for purposes other than those for which they were intended. The emphasis within Gairyism was to spend on recurrent items and very little went to capital projects (see chapter 2 above). Consequently, the PRG inherited a country with very dilapidated infrastructure (roads, ports, bridges, water, telephone, hospitals, schools, etc.), large constitutional debts to regional and international organisations which are important to Grenada's well-being, e.g. University of the West Indies, United Nations, World Health Organisation, and World Tourism Organisation). Substantial debts were also outstanding to donor agencies like the World Bank, International Monetary Fund, and the Caribbean Development Bank - institutions which, by 1978, were now reluctant to make further loans and grants to an increasingly corrupt leader.

Referring to the success of the tight budgetary control measures instituted by the revolutionary government on coming to power a triumphant Coard asserted:

'We have always insisted that we want to be judged
by results, not rumours, not gossip, not

propaganda, not malicious old talk. We are only asking you to judge us by results. That is all we are asking and these results like any standards must be impressive in just a short space of time to turn around the situation in terms of budgetary control.⁵

The Deputy Prime Minister went on to outline the main features of the government's development strategy, especially the role of private capital (both foreign and local) in the strategy. Here he made it patently clear, and he would repeat this several times again, that not all type of foreign investment would be welcome in Grenada.

The foreign proposal must be 'mutually beneficial', and for it to benefit Grenada the following requirements must be satisfied:

- (i) It must be financed by funds originating from outside Grenada instead of competing with Grenadians for scarce resources as was the case in pre-revolutionary Grenada.
- (ii) It must be engaged in the sectors delineated by the government. Proposals involving gambling, casinos and prostitution joints will not be permitted.
- (iii) It must bring in modern technology, which is both relevant to Grenada's needs and capable of being adapted to local circumstances. In other words there must be a transfer of technology.
- (iv) It must have a significant employment potential since unemployment is such a chronic problem in Grenada.

- (v) It must be capable of reducing the cost of living by producing goods efficiently and competitively vis-à-vis the price of similar imports.
- (vi) It must create opportunities for overseas markets - markets which are not previously accessible to Grenadian goods.⁶

These six requirements were to provide the general guidelines for assessing proposals from foreign investors. Since a particular project cannot necessarily satisfy all of these requirements each proposal would be assessed on 'a case by case basis'. The proposal would be considered to be 'sound' if it meets one or more of the criteria laid down.

What the government was doing here was to invert the old, discredited model of 'industrialisation by invitation'. Foreign capital must be consonant with the needs of the host country:

'We do not believe like some people in some countries, and I shall not name any, in selling out a quarter or sixth - or a half or three quarters of their territories to foreigners with condition which say that the laws of the country do not apply to this area. The concept of creating a state within a state ... is alien to the government and people of Grenada.'⁷

Finally, Coard moved to the area of government policy with respect to the local private sector - a subject members of the GCIC listened to with keen interest. In elaborating on the significance and requirements of the mixed economy model he noted that, apart from its traditional functions, the government will now be engaged in productive and revenue earning ventures. Put bluntly, government will compete with the private sector

for investment outlets. And if the private sector refused to invest in an area of the economy deemed to be strategically significant, then government will take the initiative of investing in that sector.

Other points of interest included the following: (i) government will encourage and assist them (i.e. the private sector) "within reason", (ii) government will put an end to the forceable confiscation of private property without compensation, and (iii) government will not allow unscrupulous members of the private sector to exploit workers and consumers. Neither will it tolerate parasitism within the labour force.⁸

Developing point (iii) further, Coard declared with incredible candour:

'All of us must work hard and honestly to develop the country. The private sector in our view is of critical importance in the government's development strategy, but government is not there to spoon-feed, change nappies, or molly cuddle the private sector. That must also be understood and I will be very frank with you.'⁹

Further, as if that was not enough, he affirmed that the government does not exist, as many believe, to eliminate all the risks from production - by giving monopoly privileges to businessmen, protected markets, tax concessions for fifteen years or even for perpetuity, provide infrastructure, and even money from the treasury to get the business going 'What about the revenue of the country? What about further development of the country? To me that (i.e. expectations of the business sector) is unreasonable.'¹⁰

Appropriately enough, the first address ended with him urging that both the state and private sector should seek to be waste-conscious, generate

as much employment as possible, increase productivity, improve the country's human resources, enhance the quality of life of workers and consumers alike and 'aim to make Grenada the kind of clean, peaceful and beautiful country, which we all know it is, and which we want to make it.'¹¹

This was, perhaps, a too critical and trenchant note to begin on, although the counter view that it was important for the government to tell the private sector in clear and unmistakable terms what it was expecting of them is also relevant. Although direct and systematic opposition had not yet begun¹² discontent soon came to the fore.

One of the most worrying problems for the private sector was the growth and expansion of the state sector in productive activities. The government's 'encroachment' into the distribution trade was greeted with extreme resentment. This grievance (along with several others) was aired openly at a 1982 Conference co-sponsored by the GCIC on the subject of Employment and Economic Growth. The GCIC's Conference paper 'Brief History of the Private Sector' rejected the role of the government's MNIB on the grounds that the private sector:

'has a long history of capable and effecient management. Its performance over the years has been nothing short of commendable considering the constantly changing conditions under which it has had to operate. The commercial sector possesses the capacity to competently and competitively satisfy the needs of the society now and in the future'.¹³

By giving itself monopoly privilege in the importation of five commodities the government was seen as marginalising the private sector 'in the name of the people':

'A concern of the private sector is that in the absence of competition profits generated through monopoly trading by Government can be used to subsidise prices of the other commodities which are imported in competition with the private sector and thus create unfair competition',¹⁴

Ignoring the welfare-effects of the government's entry into this critical sector, they argue further that the MNIB is unnecessary and unjustifiable since there is no increased economic activity for it to handle. It was their view that the further expansion of this organization (i.e. MNIB) will lead to the loss of jobs in the private sector - jobs which will not be compensated for by new jobs in the MNIB.¹⁵

Yet they were fully aware of the revolutionary government's intention to expand its involvement in this lucrative sector which they had monopolised for so long. The long list of commodities earmarked for bulk purchase by the government (published in their Report on the National Economy for 1982 and the Budget - Plan for 1983 and Beyond) added insult to injury.¹⁶ All in all the list amounted to 99 items, comprising building materials, petroleum products, agricultural items, food stuffs, office supplies, packaging materials, industrial chemicals, spare parts for vehicles, equipments, asphalt products and animal feeds (see Appendix 7.A.1 for the full range of products).

In publicising the plan in 1982 the government argued that the aim was to save 'Grenada's tax payers (all of us) millions of dollars each year',¹⁷.

But if the general public were convinced members of the business-sector (especially those who previously handled these commodities)¹⁸ were certainly not convinced. Increasingly, they saw new government initiatives which sought to subordinate private sector activities to the state sector. This was fully consistent with the professed model of development (mixed economy schema with state sector dominant) which was never kept secret by the government.

Indeed, the plan to control the importation of an additional 99 commodities was part and parcel of a wider plan which would also entail the control of the export trade. A government document 'On the possible Establishment of a State Trading Corporation for effecting Grenada's Trade with the Socialist Countries' began with the remark:

'With the growing disparity between our import bill and our export earnings - and consequently, with the growing unfavourable balance in our terms of trade - as a result of our entanglement in the world imperialist system the question of State direction and control of the country's foreign trade assumes increasing importance. This is so because it is becoming increasingly necessary to restructure and re-align our foreign trade activity so as to bring them in line with our possibilities and our needs'¹⁹.

There was a notable departure from the plan as laid down in the government document. The government was to begin by taking over the control and direction of the export trade (given the small product range) since this would require fewer managerial and technical skills. In their deliberations about how to go about executing the new policy initiative a

wide range of pragmatic questions were raised:

- i) who presently own/control these organisations?
- (ii) What are the present arrangements for purchasing and marketing these commodities?
- (iii) Where are the existing markets located and who are the agents/brokers?
- (iv) What form should the intervention by the State take?
- (v) What is likely to be the reaction and implications of those who now control these organisations?
- (vi) What is likely to be the reaction of the workers in these organisations, to state intervention and what steps can be taken to win or reinforce their support and participation?
- (vii) What is likely to be the reaction of the farmers to state intervention?
- (viii) How are the shipping Agents who presently handle these commodities likely to respond?
- (ix) What benefits are farmers likely to gain from state intervention, and how can the State convince them of these benefits?
- (x) What will be the gains to the Revolution of a State Trading Corporation?
- (xi) What are the disadvantages of taking this initiative, and how can they be minimised?²⁰

Although posing the right questions it seems as if the PRG were determined to implement their plan even if the answers to the questions indicated otherwise. Thus the Report on the National Economy for 1982 ... noted that 'concrete steps will be taken to import in bulk at least some of the items needed by the state enterprises, ministries, and institutions. In each following year the system will be operated more efficiently'.²¹

As for the managerial deficiencies of the state, these were only too well-known to the private sector. Mention was often made of it in both public and private quarters. Their memorandum for the 1982 conference thus read:

'As Government has entered the commercial field in the name of the people, e.g. National Commercial Bank, Marketing and National Importing Board, National Fisheries, Agro-Industries, Grenada Resorts Corporation, etc. it would be useful and serve as a good guide to the private sector if the financial statements of these several enterprises could be published as in the case of the National Commercial Bank.²² In so doing the private sector could monitor its own performance and take corrective action where necessary. Government is already in a position to monitor private sector performance through the financial statements made available to the Income Tax Department'.²³

This passage alluded to the generally poor financial performance of state enterprises (see table 7:1) which resulted in part from weak management. Even the PRG admitted they were particularly weak in this area. Thus in reviewing the failure of state enterprises to attain their production targets and generate profits they noted:

Table 7:1 Performance of State Enterprises, 1982

	1982 Target EC\$'000	1982 Production EC\$'000	% Attained	Profit/ (Loss)* EC\$'000
Grenada Farms Corporation	2,826.0	851.5	30	(1,505.8)
Grenada Sugar Factory	3,370.0	2,888.8	86	(57.7)
Livestock Production and Genetic Centre	353.0	181.1	51	(35.6)
Forestry Development Corporation	304.0	92.5	30	(59.0)
Grenada Agro-Industries Ltd	2,417.2	804.9	33	n/av
Coffee Processing Plant	127.3	150.0	118	3.1
Spice Processing Plant	269.5	78.5	29	15.8
Grencraft Handicrafts	590.0	326.3	55	32.0
Grenada Electricity Co.	4,915.0	4,807.0	98	283.3
Grenada Telephone Co.	3,091.0	3,174.0	103	700.0
Free West Indian	247.7	395.3	160	n/av
Central Water Commission	2,500.0	2,931.7	117	300.0
National Fisheries Co.	947.9	175.2	18	(185.9)
National Transport Service	720.0	978.0	136	(151.0)
National Housing Authority	1,750.0	200.0	11	n/ap
Ministry of Construction	6,412.0	7,172.2	*112	n/ap
Port Authority	1,229.8	1,144.0	93	633.0
Post Office	2,823.0	2,083.0	74	n/ap
Grenada Resorts Ltd	2,154.6	1,487.6	69	(230.0)
MNIB	18,931.0	12,200.0	64	500.0
Crucial Factor Restaurant	228.1	225.3	99	5.8
Cocoa Project Management Board	87.0	35.0	40	n/ap
International Airport	20,000.0	25,539.2	128	n/ap
Ministry of Agriculture	2,088.0	3,777.8	102	n/ap
Mirabeau Farm School	n/g	37.1		n/ap
Government Printing and Stationery Dept	n/g	336.4		n/g
Telescope Quarry	n/g	104.2		(5.0)
Asphalt Plant	n/g	165.0		n/av
Concrete & Gravel production Unit	n/g	237.3		10.0
Botanical Gardens & Zoo	n/g	75.0		n/g
Machine Shop	n/g	48.0		24.0
Grenada Dairies Ltd	n/g	21.5		10.0

N/AP = not applicable

N/av = not available

n/g = not given

* () denotes loss

Note: Production figures for 1982 are estimated

Source: Caribbean Monthly Bulletin, vol. 17, nos 1-2, January/February 1983, p.5 (see also PRG, Report on the National Economy for 1982 p. 83-118 for a more detailed account as well as for the PRG's proposals for improving performance in each individual enterprise).

'.... such an underdeveloped society as ours had very few trained managers in the past. Now that we need dozens of managers and accountants to manage all the new projects, we find we are short of managers.'²⁴

Another passage of the same document stated further:

'it is a lack of ... political consciousness that causes some managers and Permanent Secretaries to refuse to attend the Management Training courses which the Government has been providing, at great cost, through the In-Service Training Unit. Yet management is one of our weakest areas. Some Permanent Secretaries also block workers in their Ministries from attending middle management, supervisory and secretarial courses provided for them'.²⁵

Other aspects of the government's economic strategy and policies were also sharply criticised. With respect to tourism, for instance, they sought to negate the government's philosophy of 'New Tourism'. To the private sector traditional tourism was a more lucrative venture and as such it held the key to Grenada's development.

Their thinking in this regard was clearly set out in the paper 'Brief History of the Private Sector'. After reviewing the performance of the tourism sector over the past ten years they came to the conclusion that 'Grenada's tourism industry could be regarded as a "sea of stagnation" in an "ocean of growth"'.²⁶

It was urged that good, friendly relations were to be cultivated with the U.S. since evidence from numerous studies, reports, and analyses (conducted by both regional and extra-regional organisations) indicate overwhelmingly that North America is the most strategic and important country to the well-being of Caribbean tourism, and Grenada's in particular. The studies estimate that the U.S. market will contribute as much as 50 per cent of the total Caribbean tourism trade in the next six years.²⁷ Moreover, there is potential to gain even more benefit from U.S. tourists, providing emphasis is placed on the most lucrative categories of visitors. These include the traditional up-market tourists and Convention business. The latter is reportedly worth \$US 9 billion in the U.S., of which only 15 per cent goes overseas, the Caribbean absorbing a mere 3 per cent.

Apart from North America, the studies reveal that the other major markets for Grenada in order of importance are the U.K./Europe, Canada, South/Central America, and the Caribbean. But the GCIC recommended that the Canadian market should be targeted over and above the European since the relatively high cost of air-fares for European Visitors are a major obstacle to attracting large volumes of visitors from that continent.

With respect to government direct involvement in tourism the private sector argued that this should be discouraged. In fact it recommended that the government should privatise the operations of the GRC²⁸ since 'in this way the government's limited managerial and financial resources can be better used elsewhere'.²⁹ Any loss in revenue, it noted, would be compensated by lease rentals and corporate tax. As for increased investment in new tourism plant (to complement the new airport) they called on government to grant 'more liberal incentives' to both local and foreign businessmen arguing that whatever losses are incurred in granting

such incentives will be far outweighed by benefits such as:

- (i) greater economic activity in the construction sector, hence more jobs, personal taxation and spending power;
- (ii) permanent job creation in hotel operations,
- (iii) More government revenue from tourism-related imports (e.g. food, furniture and decor for hotels), occupancy and airport taxes,
- (iv) increased activities and gains to personnel in the agricultural, handicraft and service sectors, and
- (v) an overall increase in foreign exchange earnings.³⁰

To turn 'new tourism' further on its head the private sector urged the government to take steps to promote 'Resident Tourism'. This type of tourism, whereby foreigners establish their second homes in the tropics, was described by the private sector as 'the highest spending per capita type that can be attracted'.³¹

What is most striking about the alternative tourism strategy of the private sector is the overwhelming emphasis it placed on 'wealth generation'. The government's arguments about the sociological and cultural costs of traditional tourism were all ignored - or at best relegated to a peripheral position. Indeed, their strategy called for a re-direction of the island's foreign policies along traditional lines.³² Although some members of the business sector praised the government for some of the initiatives it took in the tourism sector (e.g. increasing the tourism budget, improving staff in the tourism department and infrastructural development) they did not hesitate to attribute the

depression in the industry to the political stance of the government.

It was the private sector who felt the brunt of the effects of dwindling tourist arrivals since they continued to dominate the sector, especially with respect to ownership of hotels and restaurants. Declining tourist numbers also meant declining profits for those entrepreneurs involved in the distribution sector. Not only were they distributing less goods to hotels and restaurants but the suppression in the spending power of workers, vendors and others who derived income from tourism meant a further reduction in the demand for their goods and services.

Further discontent would thus result if the NJM had lasted long enough to implement their strategy of 'new tourism'. For as we have already pointed out 'new tourism' would mean 'new tourists' with limited purchasing power since many of them would be drawn from the Third World and the Eastern Bloc.³³ One suspects that some businessmen would express their opposition by refusing to commit their capital to new tourism plants since the government's strategy meant declining and at any rate, uncertain profits for them. The gap in their investment in this vital area would have to be absorbed by the state - with all the problems this implied for already meagre government finances.

The private sector also had serious misgivings about certain aspects of government policies in the agricultural sector. Again they were of the view that this sector would perform better if left solely in the hands of private agents. The government's land acquisition policy was also resented. Their views are summarised in the following passage:

'Government has inherited large holdings of agricultural land which in itself presents a distortion of the optimum balance necessary

between large and small holdings which ideally catered to optimum export and domestic production. The fragmentation of some of the larger estates has decisively upset the balance and decreased productivity. It adds further 'Return of ownership to private sector individuals/entities should be considered as personal (profit) motivation will make a difference to management efficiency and increased production.'³⁴

The private sector's confidence in its own ability came out again in their views on co-operation in fisheries:

'It is observed that scheduling and deployment of fleet vessels would appear to be inconsistent with established norms in the maximization of operations. Private sector endeavours in other parts of the Caribbean have met with minimal success when operated through Corporate structures. This appears not to be the experience of individuals. It is suggested therefore that vessels could be leased/rented to individuals operating under a Co-operative umbrella This approach would encourage personal incentive and individual endeavour'.³⁵

These views received further support and elaboration from the IMF and the World Bank - two international institutions which are well-known for free market economic orthodoxy. Again the main sore spot was state involvement in the economy, particularly the role of the MNIB.

The preliminary version of the 1982 World Bank Report³⁶ thus noted:

'The government through the MNIB is directly involved in marketing domestic agriculture products which may not be a useful activity for it. Firstly, MNIB's domestic marketing is not filling any gap. Most farmers (71 per cent) sell their products directly in central markets or in villages, while other growers (21 per cent) sell to 'hucksters' or traffickers. Only 8 per cent of the farmers sell their products to the MNIB. Secondly, MNIB's domestic marketing activities subsidise several government institutions, while MNIB is in payment arrears to the state farms. The MNIB could perform a useful role by organising local production, helping match the characteristics of the products with consumer (including the tourism industry) preferences, helping farmers and hucksters to improve product handling, and helping develop external markets for domestic crops. But the actual marketing of products could be left to other economic agents'.³⁷

The Report went on to highlight the poor financial record of various public sector corporations, attributing their performance to weak management in the main.

Ignoring the 'people-orientated' nature of the government's development strategy the Report also questioned the wisdom of the rate of increase of the government's expenditure:

'The goal of increasing public savings could also be supported by a prudent policy on public employment growth and future wage awards and increased productivity of public servants. The rate at which new social benefits such as those in education and health are introduced requires the attention of the government, as does the number of new public sector initiatives in areas which can be left to the private sector'.³⁸

Similar criticisms were levelled by the IMF. The Fund argued that the MNIB and state investment in economic activities had a negative impact on 'private sector confidence' and was the source of the deteriorating 'investment climate' in Grenada. It charged that the MNIB was operating under conditions of 'unfair competition' vis-à-vis local private importers. In fact a central feature of the IMF 'Agreement' which Grenada entered in August 1983 was that the MNIB should relinquish its monopoly privileges during the period of the Extended Fund Facility (EFF) programme and hence compete with the private sector under conditions of 'fair competition'.³⁹ Developments took a turn for the worse in 1982. With the persistent and ever increasing budget and trade deficits (see chapter 8) and the difficulties in raising new concessionary loans to finance the various state programmes, the government was increasingly obliged to resort to measures which further reduced their popularity with the private sector. The competition for commercial bank resources and government taxation policies were particularly resented.

Right up to September 1983 Grenada was a member of the Eastern Caribbean Currency Authority (ECCA).⁴⁰ This institution provided a common currency (the Eastern Caribbean dollar, pegged to the US \$ at a rate of EC\$2.70 for

US\$ 1 since July 1976) to serve the eight members states. But ECCA was not endowed with the power to pursue an active monetary policy in member countries. The level and structure of interest rates, credit allocation, and minimum liquidity requirements for commercial banks, were thus left to the banks themselves. But the governments in the respective territories sought to influence monetary developments by consultation with bank managers, the so-called 'moral suasion' phenomenon. In 1976 the Gairy government introduced a special deposit scheme which made it compulsory for commercial banks to hold 5 per cent of their total deposits (barring government deposits) in the form of treasury bills. This requirement was increased to 20 per cent in 1982 by the PRG, based on its belief that these funds were lying idle in the banking system (See table 7:2). The table supports the PRG's assertion that banks exhibited excess liquidity for much of their tenure. But by 1983 net foreign assets began to fall sharply, indicating that commercial banks were now making more loans available to local borrowers.

The excess funds were now channelled into investment. The PRG's domination of the banking system made it easy for them to regulate bank credit. Government borrowing from the state owned banks was particularly pronounced.

The private sector and their allies rejected the government's argument that there was 'excess liquidity' in the system. Although the bank resources would probably not have been demanded by the private sector, that was seen as being beside the point. Referring to the possible effects of a liquidity problem the GCIC argued:

Table 7:2 Grenada: Summary Accounts of Commercial Banks

	December 31				March	
	1978	1979	1980	1981	1982	1983
(In millions of East Caribbean dollars)						
<u>Net foreign assets</u> ¹	22.1	26.4	26.1	31.4	6.0	3.9
<u>Domestic Credit (net)</u>	86.8	90.3	96.5	99.3	131.3	132.5
Net Credit to Central Govt.	22.3	19.6	15.0	16.2	42.7	42.9
Net Credit to other public sector	0.4	-1.0	-0.8	1.7	5.1	4.5
Credit to private sector	62.4	72.3	84.4	87.3	94.2	97.8
Net Unclassified Assets	1.7	-0.6	-2.1	-5.9	-10.7	-12.7
<u>Liabilities to private sector</u>	108.9	116.7	122.6	130.7	137.3	136.4
Demand deposits	22.8	28.2	30.2	26.3	26.0	23.1
Saving deposits	43.7	49.6	53.4	57.3	60.4	62.4
Time deposits	27.5	22.9	20.4	25.7	29.4	26.5
Non-residents' deposits	14.9	16.0	18.6	21.4	21.5	24.4
(Percentage Change) ²						
Domestic credit ³	12.3	3.2	5.3	2.3	24.5	0.9
Net Credit to Central Govt. ³	6.1	-2.5	-3.9	1.0	20.3	0.2
Net Credit to rest of Public Sector ³	-	-1.3	0.2	2.0	2.6	-0.4
Credit to private Sector ³	9.1	9.1	10.4	2.4	5.3	2.6
Liabilities to private sector	14.1	7.2	5.1	6.6	5.0	-0.7
(In per cent of total deposits)						
<u>Memorandum item</u>						
Net Liquid Assets ⁴	20.3	22.6	21.3	24.0	4.4	2.9

Source: Grenada: Ministry of Finance, cited in Claremont Kirton, 'Grenada and the IMF: the PRG's EFF programme, 1983'.

1. Includes net position with ECCA and ECCA area banks but excludes non-residents' deposits.
2. In January 1979 there was a classification change. Consequently, annual percentage changes for 1979 are approximations.
3. In relation to liabilities to private sector at the beginning of the period.
4. Net foreign assets excluding non-resident deposits in per cent of total deposits excluding government deposits.

'... it will not only stifle growth of the private sector but cause serious problems in its day to day operations. The situation may have been further aggravated by Government borrowings (E.C. \$3,000,000) as provided for by Finance Borrowing Authorisation Law 1982 (No. 26 of 1982) and the Loan (General Purposes) Law 1982 (No. 25 of 1982). If the private sector is unable to expand it cannot create further employment.'⁴¹

In response to the private sector's protests about liquidity problems the EFF granted to the PRG by the IMF in 1983 made substantial provisions for increasing the reserves of commercial banks. Thus \$EC 13.8 million from the total loan of \$EC39.7 million was earmarked for the purpose. Another \$EC14.2 million was to be used to repay old debts to the Fund, \$EC 2.0 million was meant to repay outstanding debts to the local private sector, and only EC\$9.7 million was to be used for public sector programmes. Additionally, the IMF stipulated that the government should begin to repay its debts to the state owned banks. Besides, it was not allowed to contract any new loans from the other two commercial banks. (See chapter 8 below for other conditions).

In an equally desperate measure to raise additional resources, the PRG introduced a spate of tax legislations in 1982.⁴² Of special interest to us is the general increase of company tax from 50 per cent to 55 per cent. In announcing the tax package on Budget Day, Coard described the company tax as 'a carrot and stick device for ensuring greater investment in our economy by the private sector.'⁴³ It was a 'carrot' in the sense that those entrepreneurs who invested in areas that the government regarded as a priority or in expanding their present investment levels in their existing operations will receive a tax rebate. The rebate will be 10-15

per cent depending on the value-added of the 'productive' activity. As Coard himself put it:

'... for those who sit on their behinds and do nothing about re-investment, the tax has gone up by 5 per cent. But for those who are interested in getting into investments either in their existing undertakings or in some new undertaking, then they will find themselves paying in reality either only 45 per cent Company Tax instead of the old time 50 per cent or 40 per cent instead of the old time 50 per cent and the present time 55 per cent.'⁴⁴

The opening sentence of this quote is significant: 'for those who sit on their behinds and do nothing about re-investment' suggests that private sector confidence in the economy was at a low ebb. Some investors were apparently curtailing their investment level and allowing their existing capital stock to run down. The meagre rebate was not regarded by many as an incentive since consumption tax had simultaneously increased by as much as 25 per cent in some cases. And as we would expect, an increase in consumption duties, ceteris paribus, will generally result in a decrease in demand for those commodities since the tax is tantamount to a price rise. This in turn means declining profit margins for those involved in the trading of such commodities.

Again, the consumption tax was partly aimed at the comprador bourgeoisie. Items which the country was capable of producing felt the brunt of the new tax increases. To the PRG, they were unnecessary imports - adding nothing to the productive capacity of the Grenadian economy. Similarly, the tax aimed at discouraging imports from outside the CARICOM region. The

message was simple and clear. If Grenadian businessmen have to import, they must first seek to obtain such goods from Caricom - otherwise they will be subjected to increased taxes.

This tax package was viewed by the private sector as a great disincentive. Referring to the government's description of the taxation as 'a carrot and stick device' the GCIC's President, David Minors, argued that 'the carrot is an anaemic variety grown on the arid dry lands of the island, while the stick is a wallaba pole'. The President went on to note that the tax measure was likely to marginalise the private sector: 'If you are facing a situation where 55 per cent of profits goes back to Government in income tax, and 25 per cent goes to workers - which I do not object to - and inflation is running at 15 to 20 per cent annually, just to replace stocks and keep going will take up all that and still have you borrowing from the bank, far less to undertake expansion.'⁴⁵

The net impact of the various issues and government measures discussed so far was a poisoning of the business climate and the creation of a sense of despondency among members of the private sector. A common question they posed among themselves was 'what next?'⁴⁶ Not surprisingly, many refused to greet the government's new Investment Code with a positive response. And this is despite the fact that the Code came about largely as a result of their request for 'clear guidelines' rather than general statements as to the role and future of the private sector.⁴⁷

The Grenada Investment Code

The rationale for the Code was clearly articulated in the opening paragraph of the investment document:

'In the light of the new emerging situation, and in an effort to give direction and guidance to this new 'marriage' (i.e. between the public and private sectors - local and foreign) it became necessary to present an investment code, the PRG being fully aware that instability such as threats of political actions, changes in conditions of operation such as ownership - and remittance regulations, complex and drawn-out bureaucratic procedures, and more generally the presence of arbitrary and unpredictable alternatives in the rules of the game after investment decisions have been made - is the principal deterrent to investment decision.'⁴⁸

The Code was thus meant to assure businessmen (both local and foreign) of the security⁴⁹ of their capital once it is committed, to provide a formal, official statement of government guidelines and policies with respect to all forms of private capital, as well as to point out the procedures to follow for applying or enquiring about investment and related matters.

A central theme of the document was its over-riding emphasis on industries. The shift from traditional agriculture and comprador activities was seen as holding the key to the structural transformation of the Grenadian economy. Objectives such as the allocation of high unemployment, rising prices, sluggish growth, and adverse balance of payments position were uppermost in the minds of the drafters. This explains the comparatively stringent terms and conditions which the government imposed on businessmen, especially foreign capital. They were expected to identify with the 'national interest' of the country - a term

which pervades the Code.

Private capital was thus forbidden from certain areas of activities, although the existing arrangements would remain intact. The areas 'normally reserved for the State and Para-Statal Bodies' were stated as follows: the development of public utilities, radio/television stations, infrastructural development, public transportation, national airlines, telecommunications, and trading in certain specified commodities. It was noted further:

'If private - external equity participation is necessary then it must be only on the invitation of the state or parastatal body, and only a minority position will be permitted. However, provisions will be made in the agreement for a transfer to full/state parastatal ownership within a stipulated time period'.⁵⁰

In a similar fashion the following areas were reserved for exclusive local participation or at least majority local investment:

(i) Retail and distributive trading, (ii) Inland Transportation, (iii) Restaurants, night clubs, movie houses (that are not part of a hotel complex), (iv) Travel agencies, (v) Real estate development, and (vi) Primary export agriculture. Once more it was stressed that this arrangement applies only to future investment. Existing arrangements will continue.⁵¹

Activities outside these two categories were open to foreign entrepreneurs on either a majority or minority ownership basis. Different forms of ownership structures were envisaged and would be permitted, viz,

- (i) the foreign investors alone.
- (ii) joint ventures involving the foreign investors, local individuals, companies or corporations.
- (iii) joint ventures between the foreign investors and co-operatives.
- (iv) joint ventures between the foreign investors and the state.
- (v) joint ventures involving foreign investors, local individual companies or corporations, private sector and co-operatives.
- (vi) joint ventures between the foreign investors, co-operatives, local individuals, companies or corporations and the state.
- (vii) joint ventures between the foreign investors, the state and co-operatives.⁵²

The principles and criteria governing foreign investment were essentially the same as those outlined to the GCIC by Finance Minister Coard in his address on May 24th, 1979.⁵³ However, some of these received further elaboration and were generally more clearly specified. The following example will suffice: foreign investment in industries should transfer technology to Grenada which is adequate to the country's level of industrial development and resource endowment. Besides, it should have the effect of reducing the cost of living and at any rate it should not contribute to an increase. The price of similar imported products would be used as an indicator of the price competitiveness of goods produced by the foreign investors.⁵⁴

The document also dealt, albeit briefly and in vague terms, with government policy with respect to (i) taxation, repatriation of profits and company dividends, (ii) mortgaging of company assets, (iii) technology

transfers, (iv) transfer of shares, (v) liquidation procedures, (vi) investment security, (vii) hiring of expatriate labour and social responsibility of companies. Under the heading of 'hiring of expatriate labour' it noted: 'Hiring of expatriate labour will be allowed up to the extent that the skills required for that particular activity cannot be obtained locally. Grenadians in the meantime must receive the necessary training.'⁵⁵

On the question of social responsibility the document insists that workers in all private enterprises must be allowed the right to engage in trade union activities. The entrepreneur must constantly seek to improve production efficiency and improve the working environment. Additionally, he must keep up-to-date financial and accounting records and comply with 'reasonable requests' for information, explanations and clarification on matters relevant to the conduct of the company.'⁵⁶ The document terminates with the 'carrot' in the package, i.e. incentives to industry and available investment opportunities in Grenada. The incentives were essentially a modification of those that were already in place under the Hotel Aid Ordinance of 1954 and the Fiscal Incentives Act of 1974.

Under the Hotel Aid Ordinance, licenses were granted to personnel who proposed to establish or operate a local venture with 10 or more rooms. This license provided for the free (i.e. not subject to customs duties or tax in Grenada) importation of building materials, equipments used in hotel construction, and all purchases relating to the furnishing of the hotel. Income generated from hotels were also exempt from income tax for a period of 10 years. Besides, any losses incurred during the tax holiday period may be offset against profits of the ensuing years (for a period not exceeding 5 years).

The Fiscal Incentives Act, on the other hand, was designed to promote the establishment and expansion of manufacturing activities. It aimed to harmonise the prevailing tax incentives for industrial investment in all CARICOM countries such that none of them would be at a disadvantage in attracting investment. The concession to industry included exemption from custom duties on plant, equipment, machinery, spare parts, raw materials, and relief from taxes on dividends and profits for a period as long as 15 years.⁵⁷

These generous conditions were altered to reflect the fact that the PRG were pursuing a path of development different from the basic Puerto Rican model. The revision began even before the Investment Code. People's Law No. 20 of 1980 reduced the length of the tax holiday period associated with the Hotel Aid Ordinance to a maximum of 5 years for all hotels established after April 1980. Those who did not benefit from the Ordinance and which expanded after April 1980 were also granted 5 years. The 'blanket tax holidays', to borrow the PRG's term, associated with the Fiscal Incentives Act were also abolished. Each proposal was now examined on 'a case by case basis', with attention paid to questions such as their local value-added, employment potential, and implications for foreign exchange generation. Enterprises were now grouped into three categories depending on the number of points they scored on the various questions. The period of tax holiday was then determined (see table 7:3).

Additional tax incentives could be obtained if the investor reinvested his profit in a productive activity for a period of 5 or more years. In such a case he could obtain a refund of up to 20 per cent of the income tax paid on the amount reinvested. Enterprises producing for the export market were entitled to special tax relief, depending on the share of their export profit vis-à-vis their total profit as well as the

destination of their exports. Destinations outside CARICOM were more favourably treated. The following formula and table (7:4) were used to determine the export profit and hence the amount of tax relief:

Table 7:3 Distribution of Tax Holiday to Different Groups of Enterprises

<u>Enterprise</u>	<u>Pts. Scored</u>	<u>Tax Holiday (yrs)</u>	
		<u>Locally Owned</u>	<u>Foreign Owned</u>
Group I	80-100	5(100), 5(50), 5(25)	4(100), 4(50), 4(25)
Group II	60-79	4(100), 4(50), 4(25)	3(100), 3(50), 3(25)
Group III	40-59	2(100) 4(25)	2(100) 3(25)

Source: Grenada Investment Code, June 12th 1981, p. 35 (Prepared by the Industrial Planning and Investment Promotion Unit, Ministry of Finance, Trade, Industry and Planning).

(Key: The numbers in bracket denote the amount of tax exemption granted while those outside the bracket signify the number of years such tax exemption will last. For example, for group 1 (locally owned), this category of enterprise will receive 100 per cent tax concession for the first 5 years, 50 per cent for the next 5 years, and 25 per cent for the next 5 years).

An impressive list of over 41 potential industries were listed, reflecting opportunities in Agriculture, Forestry, Tourism, and Industry (see Appendix 7:A:2).⁵⁸ These were open to both foreign and local investors. But with respect to 'protection to industry', the Code made it clear that the government was not prepared to shelter 'ineffective and stagnant (local) enterprises' against foreign competition. The local investor must

satisfy the government that it is capable of producing a comparable product - in terms of quality, quantity, price, and reliability over a sustained period of time - before it will receive their blessing in the enactment of the appropriate law.⁵⁹

Table: 7:4 Distribution of Tax Relief to businessmen investing in Grenada

Export profit as % of total profit from sale of product: (%)	maximum of Tax Relief Permissible	
	Caricom (%)	Ex-Caricom (%)
10-20	25	35
21-40	35	45
41-60	45	55
61 - and over	50	65

Formula for computing the amount of export profit, denoted as Xp was:

$$Xp = \frac{E \cdot P}{S} \cdot 100$$

where 'E' denotes the proceeds from export sales of the approved product.

'P' denotes the profit made by the enterprise from total sales of the product for the given time period

'S' denotes the proceeds of all sales for the year

Source: Grenada Investment Code, June 12th 1981, p. 37.

As was to be expected, many private sector interests (local and foreign) found the government's investment Code to be unpalatable. For some it provided disincentives rather than incentives to invest.⁶⁰ Just how stringent the terms and conditions were can be gauged from the fact that the Interim Government which took over from the Revolutionary Military Council (RMC) in the wake of the derailment of the Revolution did not hesitate to return to the classical package of concessions. And even then the response from private investors (especially foreign investors) has been very disappointing. The Blaize Administration, the so-called New National Party (NNP), which succeeded the Interim Government has continued to experience setbacks in this regard despite its generous incentives and strong commitment to economic liberalisation policies. This suggests that incentives are only one of the many ingredients in attracting private capital, and it is not necessarily the most important ingredient. In light of this revelation, the PRG were arguably on to a loser from the outset.

A document bearing the title 'Preliminary Comments on the Grenada Investment Code', written by the United Nations' Centre on Transnational Corporations (UNCTC) embodies many of the misgivings which investors had about the government's investment Code. The UNCTC document dealt with two main issues, viz, (i) the format and wording of the Code and (ii) the general stringency of its terms and conditions.

It began by questioning the title of the document - 'Grenada Investment Code', arguing in effect that the notion of 'Code' is more likely to scare prospective investors than attracting them given its legal connotation. Terms like 'Investment Guide', 'Guide to Investors' or 'Guidelines to Investment' would be more appropriate, especially since what the document entails is essentially 'a statement of the broad policies of the

government with respect to investment in Grenada by domestic and foreign investors and the conditions applicable to such investment in certain major areas.⁶¹

The UNCTC also questioned the government's plan to regulate domestic investment, pointing out that countries generally regulate only foreign investment or those domestic investments which compete for incentives from the government. Moreover, such a regulation is unnecessary since no new concessions are conferred on them.⁶² It argued further that most developing countries tend to use policy statements and administrative guidelines to monitor investment as opposed to formal laws. For example, some use a licensing system (to make it compulsory for enterprises beyond a specified size to obtain a license from the government), income tax acts or special regulations for particular sectors of the economy deemed to be of strategic importance (e.g. mining). By making the Code a 'guide' instead of a 'legal instrument' the policies of the government and investment guidelines can be explained in greater detail and clarity. It also has the great virtue of permitting flexibility in implementation.⁶³

The vagueness, ambiguity, and confusion of several terms and passages within the Code were also pointed out with meticulous care. For instance, the UNCTC advised against lumping loans and equity investments under the same category 'investment' since both have a different nature, especially with respect to the settling of disputes. With the former, all that the host country has to do is to repay the interest and principal according to pre-arranged terms and conditions. However, the question of 'fair compensation' comes into play with the latter in the case of an expropriation.

The UNCTC also found the different terms used to describe 'domestic' and 'foreign' investors to be confusing. For the sake of consistency and clarity, it advised the use of one or two terms instead of 'nationals', 'citizens', 'residents', 'local', 'internal', 'local firms', and 'local entity' for the former and 'aliens', 'non-nationals', 'foreign', 'non-residents' and 'external' for the latter. It was also observed that in some parts of the document companies with predominant, but not total Grenadian ownership, are placed on par with those owned fully by Grenadians. This reinforces the need for clarity in definition and wording. As for the list of activities reserved for nationals, the UNCTC questioned whether that list was only 'illustrative' as opposed to 'exhaustive' since that too is not clear from the wording of the document. It is argued that:

'in matters such as reservation of activities either for the state or for nationals, it is preferable to make the list exhaustive at any given point of time'⁶⁴.

It is also unclear what the PRG meant by the injunction that investors must follow 'proper accounting, financial, and economic practices'. The UNCTC correctly asked: What is an appropriate standard for accounting and financial reporting? Is this standard explained elsewhere in some government legislation? How will investors know if they are violating it?⁶⁵

The bulk of their criticisms were levelled at the stringency of the terms and conditions laid down for investment, especially those relating to foreign investment. This section of the critique began with the statement: 'If foreign investment is to be attracted, the policies in

this regard will require the careful consideration of the Government'.⁶⁶

Their reservations about the government's terms and conditions are summarised in the following passage:

'... it would appear that too many obligations are being required of the investors, ranging from promoting industrial efficiency, minimisation of use of imported energy and preservation of the quality of the environment, to the stabilisation of the cost of living and the transfer of appropriate and adequate technology'.⁶⁷

The foreign investor's problem is further complicated by the fact that it is not easy for him to determine whether his technology is 'adequate' or 'appropriate' to Grenada's stage of industrial development. For him to be able to answer this question he would need to have intimate knowledge about the Grenadian economy, knowledge not adequately embodied in the Code. Besides, the question of 'efficiency in production' is difficult to measure and determine a priori since this is affected by many factors - both internal and external - over which the investor may not have much control.⁶⁸

The restrictions imposed on the repatriation of profits and dividends (in the case of foreign investors) was also sharply criticised.⁶⁹ According to the UNCTC: 'A preferable approach would be not to place any general limitations on repatriation of capital. However, there could be a reservation that if in a particular case the capital being repatriated is of a heavy magnitude, the Government could indicate suitable installment

for such repatriation.⁷⁰

The document by the UNCTC was also critical of the absence of information relating to the procedures and mechanisms governing investment, especially with respect to the specific person or Agency to whom (or to which) enquiries should be made, its powers and functions, the prescribed form on which applications should be made, number of copies to be submitted, supporting documents required, the amount of time required to process an application, the manner in which application will be approved, person to whom further enquires can be directed, and the type of agreement to be executed by the investor.⁷¹ Information on the procedures for granting incentives are also vague as are details on particular incentives.⁷²

Although acutely critical, the comments made in the UNCTC document were largely constructive in spirit. So much so that the PRG readily incorporated many of their suggestions, especially those relating to the general format, wording, and ambiguity of the Code. The final document was published by the Overseas Private Investment Corporation (OPIC) in March 1983 as the Grenada Investment Guide. The procedural requirements were clearly spelt out, and a clear and simply worded application form enclosed.

However, the basic terms and conditions remained largely intact. The PRG was determined to depart radically from the model of dependent capitalism which was so widely practised in the region - with the usual adverse results (see chapters 2 and 3 above). The frequent reference of the UNCTC about 'practices in other developing countries' on matters such as concessions and profit repatriation was thus missing the point. For the PRG what was important was that 'the activity of any private entrepreneur should be compatible and be easily identified with the economic policy of

the country'.⁷³ The 'stick and carrot approach' used by the government in its investment Code or Guide was fully consistent with this premise.

But it seems as though the PRG went overboard with the 'stick' and was insufficiently generous with the 'carrot'. The issue is not whether this approach was justifiable. It clearly was given the notoriety of private capital, especially some forms of foreign capital.⁷⁴ But a reasonable balance should be struck between the stick and the carrot. For if the package is not sufficiently attractive foreign businessmen would be deterred from risking their resources in distant, unknown places. For it to be worth their while, the return to their capital must at least be commensurate with what they could obtain in their own countries. A foreign investor cannot be expected to move into a country to 'develop' and industrialise it in the name of altruism or the desires of a well-intentioned, people-oriented government.

There is thus much force in the UNCTC's contention that the obligations in the 1981 Code are likely to scare investors rather than inducing them to invest.⁷⁵ In a similar vein the World Bank, referring to the PRG's modification of the 1974 Fiscal Incentives Act, argued that many of the criteria used for determining the period of tax holiday are 'very subjective', especially those relating to social desirability, anti-pollution effects, and product efficiency. It thus recommended 'strengthened financial incentives to the private sector (to) encourage it to play an active role in the development process'.⁷⁶

Although the PRG did not accede to all the critics' recommendations and misgivings, the final version of the investment Code did provide a few

more 'carrots', but still less than what other countries in the region were offering. An important change, for instance, was the removal of the discriminatory treatment bestowed on investors depending on whether they are local or foreign (see table 7:3 above). As revealed in that table the rule was to grant foreign investors a shorter period of tax holiday even though their enterprises were in the same category as local investors. For example, in group I, locally owned enterprises were entitled to 100 per cent tax holiday for the first 5 years, 50% for the next 5 years and 25% for the next 5. Their foreign counterparts, on the other hand, were entitled to 100% tax holiday for the first 4 years, 50% for the next 4, and 25% for the next 4. This discrimination would doubtless discourage foreign investors, especially in view of the argument that foreign investors generally incur more risks than their local counterparts. At least the latter is intimately familiar with prevailing conditions in the domestic environment. The final document thus provided a uniform package of tax holiday to all private investors so long as they were all in the same category. The distribution of tax holiday among the different categories of enterprises was as follows: A maximum of 15 years went to category I (i.e. enterprises with 50 per cent or more value-added), 12 years to category II (those with 25-50 per cent value-added), 10 years to category III (those with 10-25 per cent value-added), and 15 years to category IV (i.e. enclaves).⁷⁷

In spite of these modifications, one could not expect a massive response to the government's invitation. Grenada simply did not possess any unique advantages, at least when compared to other Caribbean states which were all competing for foreign investment. Wages, educational level of the population, and infrastructural developments elsewhere were at least as good.⁷⁸ Besides, Grenada was at a clear disadvantage on at least two important counts. First, the country's location near the southern tip of the Caribbean meant that freight and transportation costs to the U.S. (an important centre for markets and investment) are likely to be high compared to other more suitably placed countries like Jamaica and the Bahamas for instance. Second, and doubtless more important, these countries were committed to the traditional model of Westminster parliamentary democracy. Foreign investors would thus consider them to be safer outlets for investment than revolutionary Grenada which was still in the process of developing its constitution. The government's hesitancy in holding elections along traditional lines worried many. So too did its propensity in enacting legislations, the so-called "people's laws" (as Grenadian businessmen cynically dubbed them).

This latter consideration was of central importance not only to foreign businessmen; it was also uppermost in the minds of the local private sector. It certainly helps to explain why the Code took 18 months of intensive discussion between the government and the private sector before it could be published.⁷⁹ And even then they still had problems with the content of the document and the political/investment climate. Prolonging the discussion with the PRG was a tactic used to convey the impression that they were not absolutely opposed to their strategy. Open opposition could lead to indefinite imprisonment.⁸⁰ Many of them pointed out the number of people (some of whom were initially PRG supporters and

sympathisers) who ended up in Richmond Hill prison after the first year of the Revolution. As one of them put it 'The private sector felt as if they were under siege. They had problems relaxing in their Chamber meetings. They expected the People's Revolutionary Army (PRA) to move in at any time to throw them in prison cells'.⁸¹

The mood of the private sector can also be sensed from their statement on 'the Political Situation' in the aftermath of the October crisis:

'During the rule of the Peoples Revolutionary Government, there was a carefully constructed plan to introduce a communist system and a centrally planned economy. This would have had very serious implications for the private sector, if the "unfinished symphony" had been concluded. The Government's ideology was diametrically opposed to the system of free enterprise, and, therefore, the ultimate objective would have been achieved through an easily predictable pattern. The execution of the plan was interrupted by internal conflict within the People's Revolutionary Government leading to the house arrest of the Prime Minister. ... The policy of the Chamber during the rule of the People's Revolutionary Government was to prolong the survival of the private sector in the hope of better days ahead. Our strategy has been vindicated, and as a private sector we are once again given a chance to create the conditions for which we had hoped'.⁸²

Equally revealing was a statement issued by the GCIC in the wake of the tragic events of October 1983. Bearing the title 'Second Chance for a New Beginning' the statement read in part:

'From the beginning of the Revolution ... our Chamber has repeatedly expressed its grave concern over the infringement of the basic rights and freedoms to which the people of Grenada are entitled. We have protested the expropriation and closure of the public media and unlawful detention without trial or due legal process of our citizens. We have sought continuously to have the People's Revolutionary Government redress its wrongs and proceed to the holding of free and fair elections as was promised on the morning of the Revolution and on many occasions thereafter.'⁸³

The Statement also spoke about 'the economic hardships placed upon the people of Grenada by [the PRG's] oppressive policies'. The GCIC were also critical of what they described as 'the increasing and unnecessary militarisation of our country and the patent efforts to restructure the economy of Grenada in a fashion that is alien to our people's aspirations. The statement ended with the GCIC pledging its support and gratitude to the liberation forces of the Caribbean and the United States who were 'considerate enough to come to the assistance of a population held hostage by political terrorists.'

To be fair to the private sector their fears about becoming the victims of the coercive apparatus of the state were not totally ill-founded.⁸⁴ The following passage from the party's 'Line of March' address sheds further light on the 'private face' of the Revolution:

'... while we are in an alliance with sections of the bourgeoisie and upper petty-bourgeoisie, they are not part of our dictatorship. ... They have lost some of the rights they used to have. Now it is the working people who have these rights, not the bourgeoisie. When the working people want to hold a meeting, we don't stop them. When the working people want to go and hold a picket, we don't stop them. When they want to picket BATA, that is good, but if BATA want to picket workers we jail BATA. ... When the Torchlight workers want to take over the company, we support them, not publicly and through making noise because that would not be in our interest. We pretend we don't know what is happening and let the trade unionists do it. But if the Torchlight owners try to crush the workers, we jail the Torchlight owners.'⁸⁵

The heavy-handed manner in which the PRG handled the workers' dispute at the Coca Cola bottling plant in September 1979, - operated over the previous 18 years by one of the island's leading businessmen, W.E. Julien, - was an early demonstration of the class orientation of the government. The 38-day-long strike at the plant came about after two workers were dismissed as a result of alleged threats to the sales manager. The Minister of Labour, Selwyn Strachan, ordered the police to seize the keys to the plant and recommence production after its 'back-to-work' injunction was defied. The method of dealing with the dispute was described by the Grenada Employers Confederation as 'a complete departure from normal industrial relations practice.'⁸⁶ Members of the private sector saw the government's action as an attack on the business class. In response the

Minister of Labour argued '... the PRG took a revolutionary step in an attempt to solve the dispute because it felt the issue had dragged on too long The workers and their families were suffering great hardships due to lack of salaries and the Grenadian economy was being held in ransom. We cannot afford to have any disruption in the economy and disputes of that sort in Grenada'.⁸⁷

As time unfolds the conflicts between the government and the private sector became more deep-seated and acrimonious. In fact, by 1982, the disputes began to be aired in the open. Under these circumstances the business sector started to fear the worst. 'Offensive' labels⁸⁸ such as 'invoice technocrats', 'percentage gatherers', 'parasites in the full time service of international capitalism' were widely used by the NJM to deride them. For instance, Bishop described them in his 'Line of March' speech as '... nineteenth century type of capitalist ... engaged primarily in comprador activity, in other words largely in the importation and thereafter distribution of goods'.⁸⁹

In another passage, using more telling terms, Coard spelt out further the anti-manufacturing bias of Grenada's private sector. It must be emphasised that unlike the 'Line of March' speech the document embodying this remark was widely available in Grenada (especially in GRENCRAFT).

'... I want you to note that in the last 400 years of private sector in Grenada, it took the PRG to develop saltfish right here in Grenada, instead of importing it from Canada. Four hundred years saw the private sector quite happy to import saltfish. With 400 years of private sector in Grenada, it took the PRG to develop smoked herrings in Grenada. With 400 years of private sector, it

took the PRG to produce mango slices, mango juice, mango nectar, soursop juice, soursop nectar, tamarind juice and nectar and all the other range of juices. With 400 years of private sector and eight million pounds of mangoes falling on the ground and rotting in Grenada, it took the PRG to take those mangoes, to can and bottle the nectars, nutmeg jellies and others, first of all researched, developed, perfected and now mass produced by the PRG, after 400 years of private sector. For those developing countries who wish to wait for the private sector to develop their economies whether local or foreign, we say good luck, we would examine you again in 400 years time'.⁹⁰

Grenada's Manufacturing Sector

The overwhelming importance which the PRG placed on manufacturing makes it imperative to consider the structure and characteristics of Grenada's manufacturing sector. This would help us to understand the enormity of the tasks involved and perhaps the reasons why Grenada's businessmen were happy to remain with their traditional activities.

One indicator of the undevelopment of Grenada's manufacturing sector is its infinitesimal contribution to the country's GDP. This figure consistently amounted to under 6 per cent before 1979.⁹¹ For most years it was estimated at 4 per cent.

The composition of this sector is presented in table 7:5 below. As pointed out in Chapter 5 the small agro-industrial sub-sector was added after 1979 by the PRG. Food processing, beverages, and garment enterprises are the most significant in terms of their contribution to total production in the manufacturing sector, employment creation, and value added (see table 7:5 below). The food processing and beverages sub-sector is dominated by the following activities:

- (i) canning and preserving of assorted fruits and vegetables.
- (ii) milling, grinding and packaging of coffee, spices, flour, and animal feed.
- (iii) production of ice cream, and other dairy products.
- (iv) production of malt, beer, and aerated drink production.
- (v) baking of bread, cakes, and pastries.
- (vi) production of sugar, rum, molasses, and syrup.
- (vii) processing of edible oils, fats, soap, and laundry detergents.

A salient characteristic of these enterprises is that their production is geared overwhelmingly for the domestic market. The notable exceptions are furniture, garment products, and the surplus produced by Caribbean Agro-Industries Limited and Grenada Agro-Industries.⁹² Before the imposition of trade licences and other trade restrictions by the Chambers government in Trinidad, Grenada's manufacturing exports were marketed mainly in that oil-rich country.⁹³ As much as 85 per cent of garments produced in Grenada and about 70 per cent of goods produced by Grenada Agro-Industries are marketed externally.

Table 7:5 The Structure of Manufacturing Industries in 1982

Activity	Employment	Value added in 1000 EC\$	VA per Capita in 1000 EC\$
Manufacturing of food, beverages and tobacco	402	5,431	13,5
Food Manufacturing	242	2,890	12
Manufacture of food products not elsewhere classified	11	34	3
Beverage industries	135	2,435	18
Tobacco manufacture	14	72	5
Textile, wearing apparel and leather industries	135	1,035	4
Manufacture of wearing apparel, except footwear	235	1,035	4
Manufacture of wood and wood products, incl. furn.	28	261	9
Manufacture of wood and wood products, exc. furn.	4	56	14
Manufacture of furniture and fixtures	24	205	8,5
Manufacture of paper and paper products; Printing	5	48	10
Printing, publishing and allied industries	5	48	10
Manufacture of chemicals and chemical products	27	257	9,5
Manufacture of other chemical products	5	32	6
Manufacture of rubber products	9	50	5,5
Manufacture of plastic products not elsewhere cl.	13	175	13
Manufacture of non-metallic mineral products	42	460	11
Manufacture of non-metallic mineral products	42	460	11
Manufacture of fabricated metal products	24	220	9
Manufacture of fabricated metal products	24	220	9
Manufacturing	763	7,776	10

Source: Industrial Survey of Grenada 1982 (Cited in Boatswain, 1984).

Those enterprises producing for the local market are far from self-sufficient. Besides, they exhibit a high propensity to import, especially raw materials and intermediate inputs. This contributes largely to the uncompetitive nature of the goods produced. As one government source pointed out: 'It is quite common to find cheaper imported products on shop shelves. In cases where some raw materials are obtained locally, these are so highly priced that the finished product is beyond the range of the ordinary consumer'.⁹⁴ A good example of the latter situation is the furniture sub-sector where Grenada is forced to find markets for its high-priced mahogany furniture. The general dependence of local industries on imported inputs is further exemplified by the tobacco, bread and pastries, meat and beer brewing industries which import all their inputs. In the case of Grenada Agro-Industries the figure for imported inputs is 50 per cent, mainly containers for packaging of the products and machinery.

The overwhelming dependence of many of these enterprises help to give them another distinguishing feature, namely their highly capital-intensive nature. On average, capital investment per employee is estimated to be over US\$3,000. In the case of Caribbean Agro Industries Ltd., the cost of producing one job was put at US\$46,000.⁹⁵ Note, this contrasts sharply with the more labour-intensive garment industry which creates one job for every US\$6,300 invested.⁹⁶ Many of the highly capital-intensive enterprises also operate with considerable excess capacity. This is particularly true of Caribbean Agro-Industries Limited which specialise in producing animal feed and flour. According to the operations manager and controller, Mr Cecil Hypolite, 'The plant capacity of the flour mill is 50 tons per 24 hours but the mill is only running at roughly 60 per cent of its capacity. The feed mill is 45 tons per 24 hours but this is currently running at 65 per cent of capacity.'⁹⁷

The manager of this important industry provided a lot of information on the practical problems and challenges which confront manufacturing enterprises. Aspects of the experience of the firm he manages are worth mentioning. First, you need highly qualified technicians with intimate knowledge of the processes involved in the production of the particular product. Caribbean Agro-Industries Ltd thus had to recruit a miller and other specialists from Continental Grains Ltd., - a U.S. based enterprise. Training was also provided to local workers by Continental Grains Ltd. In the case of animal feed production, the product must be comprised of protein and other nutrients to provide animals with a balanced diet. Contrary to the PRG's assertion⁹⁸, this industry could not be based on mere bananas, breadfruit, and cassavas since these sources are very low in nutrients. Caribbean Agro-Industries thus import soya meal, corn, fish meal and feed concentrates. Mr Hypolite pointed out that even if these products could be produced in Grenada, Grenada would not be able to satisfy the firm's demands - given the volume of raw materials utilised by the firm. For example, it imports a staggering figure of 8,000 tons of wheat each year from the U.S. and France. The manager pointed out that a typical wheat farm in the United States is larger than the entire area of Grenada. Besides, the Grenadian Authorities would have to calculate whether it is more economical to export its raw materials than to establish industries with them. In many cases, he noted, the former will be more profitable to the country. He summed up the point in the following words 'It is very easy for politicians and academics to say we must industrialise because they don't know what industrialisation requires in practical terms'.

Another formidable problem is marketing. Both price and quality are of vital importance in this regard, especially if one is targeting external markets. Again the point can be illustrated with reference to Caribbean Agro-Industries Limited. 'No one has confidence in our products since we are 'just come'. We also have to compete even in the Caribbean with other well established producers from Puerto Rico, Santo Domingo, Dominica and others'.⁹⁹ He pointed out that the firm managed to sell flour to Dominica's market for two years as a result of Bishop's contact with certain influential personnel in that country. With the souring of relations between the two countries, following the election of Eugenia Charles, they lost the Dominican market in 1982. Dialogue was resumed after October 1983 and with assistance from 'certain contacts' in the United States the firm won another contract in 1985 to supply flour to Dominica. But the firm is still searching for additional markets so that its excess capacity can be eliminated.¹⁰⁰

Unlike Caribbean Agro-Industries, it is important to point out that the industrial sector in Grenada may be further distinguished by the lack of a functional, formal and systematic organisational structure along company lines. This is largely a reflection of the size and ownership structure of these business units. The majority of them are small,¹⁰¹ family-owned enterprises - many employing under 5 workers. According to a survey carried out in 1982 there were approximately 80 production units in Grenada's manufacturing sector. More than 50 per cent of these (44 to be exact) were classified as 'cottage industries'. Just over a quarter of the total number of production units (i.e. 25 firms) accounted for 90 per cent of total industrial production. Only two enterprises in this sector employed one hundred or more workers¹⁰² while 10 employed 25 or more but under 100.¹⁰³

When we take into consideration the amount of scarce foreign exchange resources which Grenada has to spend on manufactured imports then the need for more manufacturing activities becomes more obvious. A cumulative total of \$EC193.1 million was spent on manufactured goods for the period 1970 to 1982.¹⁰⁴ Quite understandably, the PRG were determined to reverse this trend by expanding the size, structure, and functioning of Grenada's embryonic manufacturing sector.

Analysts familiar with the Grenadian setting never fail to point out that the country's true industrial potential still remains almost totally unrealised. The study by Boatswain (1984) contains an excellent survey of the problems and prospects for manufacturing activities in Grenada. Of greater interest to us, however, is a document written for the PRG by a Czechoslovakian development specialist, Jiri Cerhonek, bearing the title 'A project for Grenada's Economic Development in the Period 1983-1985'. This document was designed as a blue-print for government policy in the manufacturing sector. As Cerhonek put it:

'In this study the author tries to find the ways and possibilities of diversification of the economy in the next few years with the help of the workers of the macro-planning unit. This study should be used, as the first step to create a development programme in the years 1983-85 as the basis of working out the three-year state economic plan, from which the one-year plans will be derived.'¹⁰⁵

As for the importance of industrialisation in the Grenadian context the author noted further that:

'... the key solution to the problem of further development must be the industrialisation of the economy which can solve all the main present problems and be a motor for the whole economy, not only from an economic point of view, but also from the organisational and political view. The history of all countries which were entering the path of non-capitalist development shows that the main feature of such a development was the industrialisation ...',¹⁰⁶

His proposals for industrialisation were based on the following principles:

- (i) processing of domestic raw materials.
- (ii) developing labour intensive forms of production.
- (iii) developing less energy intensive areas of production.
- (iv) developing products which are not produced in large, exportable quantities in the neighbouring territories or (better yet) not produced there at all so that they will serve as market outlets.
- (v) developing products for which there is a high local demand, especially some of those which are currently being imported.
- (vi) establishing technologies with plenty value added and a tiny material consumption, even if the needed semi-products have to be imported.¹⁰⁷

Taking all these principles into consideration, or as the author puts it:

'After analysing the main trends and special conditions in the Grenadian economy and its relation to the world, the structure of domestic production, domestic raw material sources, labour force, selected import items, export possibilities, terms of trade, balance of trade, balance of payments, the production structure in the East Caribbean countries - members of ECCA - and some particular studies made during last year about various development ideas - and with using his own knowledge and experience on doing the development programmes in the Czechoslovakian national economy',¹⁰⁸

Cerhonek recommended the development of the following branches and products:¹⁰⁹

- electronics (electronic components, electronic equipment and apparatuses),
- agro-industry (new products - fruit juices, candied fruit, confectionery, chocolate, coconut oil and soap, by the construction of a fish processing plant, by expansion of the cigarette factory),
- processing of plastics (polyethylene bags),
- processing of wood and waste-paper (furniture, veneer from tropical woods, cartons from the millboard produced from the combination of waste paper and fresh cellulose),
- textiles (woven carpets from synthetic yarn, coconut carpets),

- shoe industry (sandals and shoes for indoor purposes from processed domestic animal skins),
- expansion of the garment industry,
- construction materials (cement and other related products and concrete panels).¹¹⁰

The development of construction materials is particularly important given the upward movement in both the price and demand for construction materials, especially cement. The consumption of imported cement rose from 9.2 tonnes in 1976 to 16.9 tonnes in 1980.¹¹¹ Similarly the price of cement escalated from \$EC2.6 per bag in 1972 to \$EC12.47 per bag in 1980.¹¹² Significantly, the list excluded the development of heavy industries. This was largely due to the highly capital-intensive nature of such enterprises and their implications for cost and foreign exchange.

But many fundamental issues remain unresolved and even undetected despite Cerhonek's careful attempt to circumvent some of the more obvious constraints such as limited domestic market size and narrow resource endowment. Chief among these is the question of development finance. Unlike W.A. Lewis (see Chapter 2 above) Cerhonek recommended that this problem should be solved largely from local sources, viz.: (i) the imposition of additional taxes, especially income tax and export duties, (ii) use of indirect means to raise further revenue from the private sector, particularly by selling bonds to them, (iii) finance from the insurance companies, (iv) revenue from existing government enterprises and commercial banks, and (v) governmental loans from overseas and profits from ECCA.¹¹³

This is a rather unrealistic proposal for a very mammoth problem. There might have been scope in the fifth source but the others would most definitely heighten the conflicts between the business sector and the government. In fact, even loans from overseas were dubious, since from 1981 the government began to find it increasingly difficult to raise these. Moreover, one of the conditions imposed by the IMF package in 1983 was that the PRG should desist from contracting new loans (both concessionary and commercial loans).¹¹⁴

Much as the PRG fervently wished to turn Lewis on his head they could not. For Lewis' analysis of the myriad obstacles to industrialisation in small, underdeveloped Caribbean economies remained as valid today as they were when he wrote in the 1950s (see chapter 2). His solution to the problems may be open to controversy but much of his analysis is unquestionable.¹¹⁵ Indeed, interviews (conducted by the author) reveal that it was largely because of these objective constraints that Grenadian business-men generally evade manufacturing activities. The 'invoice mentality' - a factor also discussed by Lewis - is only one of the innumerable problems. As one analyst puts it so well:

'The granting of political independence during the sixties and seventies did not liberate Caribbean businessmen and Grenadian in particular, to pursue new adventures in the field of manufacture. Instead, the few enterprising businessmen in existence, opted for higher margins of safety by threading along a path of cautious optimism in the retail and distributive sectors of the economy, rather than bold adventurism in the risky waters of industrial undertakings'.¹¹⁶

The PRG's industrial strategy was thus fraught with problems. These were not just derivatives of the physical size of the country but they were also social and historical in nature. Among the latter category of obstacles were the lack of skilled manpower (at all levels of the labour force), lack of an entrepreneurial culture, and financial bottlenecks. Under these circumstances it was difficult (if not impossible) for the private sector to play a leading role in Grenada's industrial prospects. In the absence of a strong patriotic national bourgeoisie the weight of industrialisation would thus have to be borne by the state sector. But this sector was no better equipped to carry this challenge. Indeed, it was precisely for this reason that the PRG rejected the total state sector model.

An Overview of the Performance of the Private Sector.

As we have argued above the Grenadian bourgeoisie were overwhelmingly preoccupied with the investment climate in revolutionary Grenada.¹¹⁷ Their fears and apprehensions waxed as the contours of the government's overall strategy became more pronounced. By 1982 it was patently clear to them that the government's intent was to build a communist state, and this was despite the pragmatism of the PRG in certain aspects of domestic and foreign policies. The constant anti-imperialist/anti-western pronouncements, and the rapid and growing diplomatic relations with Eastern Bloc countries was regarded by many as conclusive evidence. Added to that was the increasingly frequent resort to 'revolutionary manners' i.e. the infringement of several civil liberties (especially with respect to the government's media and electoral policies). Thorndike summarises this point very well when he wrote:

'The Westminster model might have been justifiably discredited under Gairy but it represented far

more than a parliamentary system. It stood for freedom of speech, association and publication, and an independent judiciary. Neither the private sector nor the people at large accepted the argument that they were 'bourgeois' and, as such, unacceptable in the struggle for socialism.¹¹⁸

Under these circumstances it is not surprising that aggregate private sector investment fell dramatically over the period (see Table 7:6).¹¹⁹ It plummeted from a high of US\$ 5.4 million in 1980 to a low of US\$ 2.6 million in 1983. The post-1983 trend is also instructive. Their return to the conventional political culture contributed to the dramatic upward trend in private sector investment. By 1986 an impressive US\$ 10.6 million (more than four hundred per cent increase over the figure for 1983) was invested by private entrepreneurs.

The substantial decline in private investment in revolutionary Grenada took place despite the government's concerted efforts to stimulate investors. According to the final version of the 1982 world Bank Report:

'There have been regular consultations between the government and the private sector. These consultations have involved soliciting private sector responses to proposed Government policies (i.e. investment code, national budget/plan 1982), clarifying doubts (i.e. import licensing system, MNIB) and working out co-operative solutions to problems of mutual interest (i.e. marketing of primary product exports, identifying cheaper sources of agricultural inputs). The government continues to provide a wide range of incentives...'¹²⁰

Table : 7:6 Investment and Savings 1980-1986 (\$USMn).

	1980	1981	1982	1983	1984	1985	1986
<u>Gross Domestic Investment</u>	<u>19.1</u>	<u>32.2</u>	<u>41.2</u>	<u>42.9</u>	<u>43.0</u>	<u>38.4</u>	<u>44.1</u>
Public Sector	13.7	28.9	37.6	40.3	38.5	31.0	33.5
Private Sector	5.4	3.3	3.6	2.6	4.5	7.4	10.6
<u>Gross National Savings</u>	<u>5.8</u>	<u>9.0</u>	<u>5.5</u>	<u>8.1</u>	<u>9.8</u>	<u>14.2</u>	<u>18.8</u>
Public	-0.3	-0.7	2.9	3.3	4.3	6.3	8.7
Private	6.1	9.7	2.6	4.8	5.5	7.9	10.1
<u>External Financing</u>	<u>7.9</u>	<u>23.2</u>	<u>35.7</u>	<u>34.8</u>	<u>33.2</u>	<u>24.2</u>	<u>25.3</u>
<u>Memorandum Item</u>							
External Debt Service Ratio	3.0	2.7	4.5	4.6	7.7	12.2	12.6

Source: World Bank, 'Economic Memorandum on Grenada', (1984), p.42

A more accurate picture can be gained from examining the response of the private sector in terms of their composition. In this context we should distinguish between the manufacturing bourgeoisie and the commercial bourgeoisie. The former were involved in productive activities while the latter were predominantly engaged in services, particularly the importation and distribution of commodities. Government policies were generally more damaging to the latter than to the former. As pointed out above, the policies of the government were deliberately biased towards manufacturers. The basic idea was to shift as many businessmen as possible into manufacturing activities in order to augment foreign exchange earnings and generate employment.

Many manufacturers responded positively to the government's plea. This is not to suggest that they saw themselves as being a part of any class alliance with the government. For as Stephens and Stephens (1986) write: 'when one speaks of a class being a part of a class alliance, one generally expects that most members of the class will actively support the program and not just tolerate it.'¹²¹

The manufacturing bourgeoisie were simply promoting their own interest, not necessarily the national interest. They saw how they could increase their profits from taking advantage of the fiscal incentives which were offered by government. The number of firms which were granted concessions between 1980 and 1983 can be seen in appendix 7:A:3. The overwhelming majority of these enterprises pre-dated the PRG. Before 1979 they would have had to contend with Gairy's corruption which entailed, among other things (see chapter 2 above), paying out large sums of money as a quid pro quo for incentives. Additional obstacles included an inefficient, overcentralised institutional framework for handling matters relating to private investment, poor industrial infrastructure, and, above all, a hostile political climate. Apart from the political climate, the PRG had taken positive actions to eliminate many of these bottlenecks. Much was spent on infrastructure (roads, water, electricity, telephone, port and airport facilities) and much more was planned to be spent in this vital area for successful business.¹²²

Indicators of the response and performance of the manufacturing sector during the tenure of the PRG are presented in Tables 7:7 and 7:8 which depict the volume of exports, and supply of credit to manufactures. As table 7:7 highlights, the garment, flour, wheat bran and furniture sub-industries were particularly outstanding, especially clothing which is the leading foreign exchange earner in this sector. The magnitude of the

growth in manufacturing becomes more insightful when compared to the pre-1979 trend. Equally insightful is the upward trend in commercial bank credit (and credit from the Grenada Development Bank) to the manufacturing sector. In 1982, for instance, manufacturing absorbed a staggering 55.04 per cent of the total credit granted by the Grenada Development Bank.¹²³ Although revealing the figures on credit disbursements may be an understatement of the activities of the manufacturing class since the data only presents the supply side of credit. They tell us nothing about the demand for credit. Perhaps manufacturers were demanding more, especially from commercial banks, but without success. As pointed out in chapter 2 above, commercial banks in the region have a historical bias towards short term self-liquidating loans.¹²⁴ Loans to manufacturing and agricultural activities are thus typically treated as secondary, while pride of place is given to the distributive trades and personal loans.

Table 7:7 Trends in Industrial Export - Selected Items
(1977-1982) in EC\$'000

Main Items	1977	1978	1979	1980	1981	1982
Flour/wheat	—	—	—	574.4	1,101.2	1,321.2
Nutmeg oil	209.0	—	—	—	—	—
Sauces and Condiments	23.6	29.8	40.4	35.7	33.8	117.6
Cocoa Waste	—	29.6	53.0	—	40.5	24.4
Juices and Concentrates	66.5	11.9	10.2	30.4	18.3	1.2
Clothing	743.1	1,011.9	961.8	2,372.6	5,857.1	6,684.8
Furniture	392.9	716.0	365.9	795.0	648.3	589.0
Jams and Jellies	—	—	—	27.7	70.4	43.0
TOTAL	1,435.1	1,799.2	1,431.3	3,835.8	7,769.6	8,781.2

Source: Central Statistical Office

Table 7:8 Grenada: Distribution of Bank Credit by Sector (1976-1982)

	1976	1977	1978	1979	1980	1981	1982
Total (\$EC million)	48.8	57.9	65.2	71.4	--	69.3	92.8
Agriculture	3.4	4.3	6.3	2.4	--	5.0	3.8
Manufacturing	1.6	1.9	1.1	3.9	--	7.3	5.8
Distribution Trades	13.8	17.0	18.5	22.5	--	19.8	26.3
Tourism	3.9	4.4	4.5	4.9	--	6.1	7.2
Transport	1.5	2.0	2.8	4.3	--	7.1	15.5
Public Utilities	3.2	1.3	1.1	0.5	--	1.5	4.0
Building and Construction	3.1	4.9	4.1	3.3	--	6.2	5.3
Personal	8.2	12.7	14.1	17.3	--	16.3	19.4
Government	9.5	7.2	9.4	8.9	--	0.2	5.7
Other	2.6	2.2	3.3	3.3	--		

Source: Adapted from Ministry of Finance, Grenada.
(Cited in A. Boatswain, 1984, op. cit.)

-- data not available

(Note: The individual data points may not sum to the total figure due to rounding).

That part of the private sector engaged in merchandising operations were the ones most bitterly opposed to the revolutionary government. But despite their furore and the government's conscious policy to marginalise them, they were determined to prolong their activities 'in the hope of better days ahead'.¹²⁵ Many did business in pretty much the usual way. If there were opportunities to make profit (i.e. to sell more goods) they would increase their imports. But when the situation became less promising they would react accordingly. It must be remembered that they were operating in a virtually risk-free area. Capital tied up in commodities could be quickly recovered if the need arose. Besides, much of the capital tied up in commodities was borrowed from the banks. This

means of financing their activities helped to reduce the risk even further. A good indicator of the performance of the commercial sector can be seen from the growth of bank loans to the distribution trade and the trend in imports (See Tables 7:8 and 7:9). Table 7:8 shows that the distributive trade continued to dominate commercial bank credit. As much as 31.6 per cent of total bank credit went to this category in 1979. The figure dropped by 3 per cent in 1981 (compared to 1979) and by only .3 per cent in 1982 (compared to the 1981 figure). But as Table 7:8 also points out these marginal reductions do not necessarily mean that the absolute sums going to distribution was declining. Infact, the sum which was absorbed by this category in 1979 stood at EC\$ 22.5 million (from a total sum of \$EC 71.4 million). The corresponding figure for 1982 was EC\$26.3 million (from a total bank credit of EC\$ 92.8 million).

Table 7:9 Imports of Manufactured Goods (1975-1982)

Year	Value (EC\$) Million
1975	10.4
1976	13.6
1977	18.2
1978	16.8
1979	25.5
1980	20.9
1981	20.8
1982	25.5

Source: Grenada, Central Statistical Office, Ministry of Finance

Significantly the volume of imports, also, exhibited no dramatic reduction (see table 7:9 for the pre- and post- 1979 trends). In terms of value we see a significant reduction over the 1979 figure for both 1980 and 1981. But this figure had recovered in 1982 to an all time high of \$EC 25,523,915. Admittedly, after 1979, some of these goods were solely imported by the MNIB (rice, flour, fertiliser, tyres, powdered milk and cement). But the commercial bourgeoisie continued to handle the bulk of the import trade. And there can be no doubt that many made handsome profits during the period especially during the 'boom phase' of the revolution.¹²⁶

Coard was right when he argued that the private sector was deriving enormous benefits from the increased economic and social activities in revolutionary Grenada. Using the Teacher Training programme as an example, he noted that the programme 'expanded dramatically from 50 teachers to 400. All of this means buying new furnishings, typewriters, paper, vehicles, etc. Whom do we buy books from for the school books and uniforms programme? Food for our new government hotels? Tyres for our NTS buses? The private sector.'¹²⁷

One firm reportedly declared a record profit of EC\$ 1.9 million for 1982.¹²⁸ This is not surprising. Table 7:10 shows that there was plenty of money circulating in the economy, especially money in the non-bank public. Narrow money (MI)¹²⁹ grew at a rate of 8.2 per cent. This suggests that there was some uncertainty about saving in banks. People were simply holding on to their money.¹³⁰ There is data which suggests that private consumption was increasing. The figures for 1980, 1981, 1982 and 1983 were (US\$ Mn) 48.0, 47.0, 50.8, and 51.3, respectively.¹³¹ This increased private consumption also redounded to the benefit of Grenada's merchandising interests. More benefits would have been made had the

Table 7:10 Grenada - Composition of the Money Supply 1975-1982
(EC\$ Millions)

Year	Currently Held by the Public (1)	Demand Deposit (2)	M1 = (1) + (2) (3)	Saving Deposits (4)	Time Deposits (5)	Quasi Money (6)	M2 = (3) + (6) (7)
1975	11.5	8.1	14.6	28.6	30.3	58.8	78.4
1976	13.6	12.7	26.3	35.1	29.1	64.2	90.5
1977	17.3	13.8	31.1	41.3	28.5	70.0	101.0
1978	22.3	16.5	28.8	48.9	30.3	79.2	118.0
1979	28.2	20.5	48.7	60.6	30.5	91.1	140.0
1980	31.7	26.5	58.2	59.5	34.2	93.7	151.9
1981	37.8	27.1	65.0	63.1	37.1	100.2	165.2
1982	40.4	23.6	66.7	66.3	34.8	101.1	167.8

Source: World Bank, 'Economic Memorandum on Grenada', 1984, p19.

government not imposed price controls on many imported items. As many as 72 items were subject to price control in 1981, with the maximum mark up placed at 7 1/2% and 15% for wholesale and retail, respectively. This angered many.

The group most severely affected were the hoteliers and other businessmen who relied overwhelmingly on tourism for their living. The crisis in this sector (analysed in the previous chapter) meant that many hotels operated with substantial excess capacity for the most part.¹³² This meant declining profits - a situation over which these businessmen had virtually no control. Yet many incurred further losses as they spent large sums of money on promotional tours and advertising. As the President's 1982 Report put it 'In spite of a significant decline in stay-over visitors to our island during the past year, member hotels of our Association have participated in more promotional tours than ever before in the history of our Association'.¹³³

The Report further noted that their plight was further aggravated by high operational cost for electricity, water, land taxes, wages, etc.¹³⁴ The consistent failure which their efforts met convinced many that the problem was first and foremost the political complexion of the PRG. A barrage of criticisms was thus directed at the government, although these were often made behind closed doors.¹³⁵ The air access problem and LIAT's inefficiency were also blamed for their declining fortunes, being described as 'a problem which has almost equalled the political (factor)'.¹³⁶ They had the option of closing down their enterprises, perhaps with a view to migrating as happened in Michael Manley's Jamaica in the 1970s. But they continued operating in the hope of a recovery - a hope which has been vindicated as witnessed by the upward movement in tourist arrivals in Grenada in 1984 and after.¹³⁷

Some Concluding Remarks

There is a sense in which the PRG's experience with private capital bears some resemblance with Manley's attempt to pursue a democratic socialist path of development in Jamaica.¹³⁸ Manley described his model as 'a third path' between the Puerto Rican Model of 'Industrialisation by Invitation' and the Cuban model which was organised along strict Marxist-Leninist lines.¹³⁹ Although his model was predicated on different theoretical premises from the theory of non-capitalist development they both have certain common goals and policies - nationalist and egalitarian ideals, a fully self-reliant economy, a call for a new International Economic Order and a commitment to the principles of the Non-Aligned Movement. In both cases the mixed economy model (with the state sector dominant) was adopted and, as such, an alliance with the bourgeoisie was imperative.

But as is well known Manley did not succeed in his attempt to develop a working accommodation with the capitalist class. The opposition manifested itself in both the political and economic spheres. With respect to the latter, the business sector curtailed and disrupted production, created artificial shortages of basic commodities, exported capital, closed down operations and migrated en masse. Reflecting on the difficulty of operationalising a mixed economy the experienced statesman had this to say:

'When the private sector feels there is no threat to its class interests and that the public sector is merely engaged in productive capitalist activity for the state, all is well. But where the development of a public sector is part of an overall strategy to change the balance of

relations between classes in the society, the private sector reacts differently'.¹⁴⁰

Although the Grenadian bourgeoisie did not produce the exact scenario depicted above they were clearly opposed to the posture and general policies of the government. Too much radicalism had been introduced on both the economic and political fronts within a relatively short space of time. Confidence and morale were generally low, as we have seen, but they were prepared to stand their ground and settle for a bitter siege if necessary.

As in the Jamaican case capital was certainly exported during the period but it is difficult to quantify the full magnitude of the outflow. The lack of a national Central Bank and the institutional weaknesses of the Ministry of Finance¹⁴¹ made it impossible for the movement of foreign exchange to be effectively policed. Besides, commercial banks are allowed to move funds freely within the ECCA area and to overseas banks. The foreign exchange position of the commercial banks indicates that a great deal of funds which were deposited with the commercial banks were further reinvested outside of Grenada (see Table 7:2 for an observation of the foreign assets position of the banks). Referring to the scenario depicted in the Table Joefield-Napier (1986) notes 'deposits outside of Grenada seem to have been used by commercial banks as hedges against any diminution of their earnings. Quite naturally, for commercial banks the precautionary motive prevailed and this dampened the increase in liquidity and in turn inflationary pressures were held in check'.¹⁴²

Two other mechanisms made it easy for funds to be leaked out of the economy illegally. The first has to do with the fact that the 'national currency' (Eastern Caribbean Dollar) was also legal tender in Antigua, Dominica, Montserrat, St. Kitts-Nevis, St. Lucia and St. Vincent and the

Grenadines. Evidence gained from the author's interviews suggest that many exploited this loop-hole.¹⁴³ The openness, particularly its import-export orientation, of the economy also helped to facilitate the outflow of currency. In fact, this medium allowed them to export hard currency (i.e. foreign exchange). This could be done by simply over-invoicing imports bills and under-invoicing exports in concert with their foreign dealers. Note, too, that similar arrangements could be made with Grenadians living overseas. As we have seen from chapter 6 many of them make regular trips back to their homeland. Since Grenadians were allowed to hold foreign bank accounts it is possible that they could agree with the visitors to deposit the foreign funds which they would normally bring into Grenada in such accounts in return for an equivalent sum in local currency. Exporting funds through these means is one factor which may have checked the inflationary impulse which the rapid growth of the money supply in revolutionary Grenada would normally have brought about. From an annual rate of 12.4% in 1979, inflation rose to 21.2% in 1980, then fell considerably thereafter reaching a low of 6.1% in 1983.¹⁴⁴

It should also be pointed out that unlike Jamaica, Grenada was less vulnerable to being manipulated by private capital since its economy was not deeply penetrated by foreign capital. Neither was it closely integrated into the U.S. economy as Jamaica's economy was. In the latter case all the critical sectors of the economy - mining, tourism, banking, agriculture (particularly the sugar sub-sector), and the public utilities - were owned and controlled by foreign capital. But outside of the financial sector (particularly the insurance companies since 2 out of the 4 commercial banks were locally owned by 1983) foreign capital was virtually non-existent in Grenada. Hence the revolutionary government only had domestic private capital to contend with.

The mixed economy schema thus had better prospects for success in Grenada. But in this regard the principal mistake of the PRG was its obsession with the application of 'revolutionary manners' to those perceived as potential saboteurs. Although the fears were probably real it was possible in many cases to handle them in a more cautious and less unpalatable manner. Two examples will suffice, viz, the government's media policies and the deterioration in its relations with the commercial bourgeoisie. With respect to the former, the reactionary role played by The Gleaner (the Jamaican daily newspaper) was uppermost in the minds of the PRG. Rumourmongering in a small society was seen as a virus which could make a government lose its credibility almost overnight.¹⁴⁵ Thus when the government closed the Torchlight newspaper (owned by Grenada Publishers Ltd.) - which was accused of telling "vicious lies" and of attempting to 'stir up the maximum amount of confusion and unrest in the country', it later went on to outlaw another paper, The Grenadian Voice, which was published by a private company in 1981. The paper was not permitted to publish more than one issue.¹⁴⁶ It was declared to be illegal for five reasons --- of which the most important was stated as follows: 'this is a revolution, we live in a revolutionary society, these are revolutionary conditions and there is a revolutionary legality and they will have to abide by the laws of the revolution'.¹⁴⁷ The paper was believed to have connections with the US Central Intelligence Agency (CIA). The Roman Catholic Church Newspaper, Catholic Focus, was also banned. Even the monthly news bulletin of the Grenada Chamber of Commerce was banned. This was pushing 'revolutionary manners' too far. After all, this publication was not meant as a part of the 'news business' which Bishop spoke about: 'If a business wishes to invest to sell flour, rice, cars or insurance that is proper investment, but don't try to sell news'.¹⁴⁸

The GCIC's bulletin was simply geared towards recording trends in the various sectors of the economy and providing a brief summary of other relevant business developments.¹⁴⁹ The denial of this basic right was viewed with great displeasure and it did much to alienate this important class from the PRG. Members of the GCIC expressed the view that the PRG were using the Chamber in a 'window-dressing role'. As the President, David Minors, put it in April 1982 'There have been many instances in which we could have embarrassed Government.'¹⁵⁰ And we have gone out of our way not to do so, but we can't say the same for Government. They have used all sorts of opportunities to tear into the private sector unfairly and in an unwarranted manner'.¹⁵¹

Another businessman used Winston Churchill's popular dictum to express the way the PRG viewed the private sector:

'Some see private enterprise as a predatory target to be shot, others as a cow to be milked, but few are those who see it as a sturdy horse pulling the wagon'.

To the PRG, the private sector was everything apart from 'a sturdy horse pulling the wagon'.¹⁵²

Apart from revolutionary manners - the bottom-line of the hostile relationship between the private sector and the government - the government's open and provocative rhetoric about the risk-averse nature of the Grenadian bourgeoisie could have been handled better. Attaching odious labels (like 'margin gatherers' and 'invoice technocrats') and enacting resentful laws to discourage them from their previous lines of operation could only do more harm than good in an ultra-conservative society. A more patient approach - an approach which relied on education

and socialising them into the virtues (for the individual businessman, worker, and nation as a whole) of a transition to manufacturing would have produced better results, at least in terms of production.¹⁵³ The only reason why the manufacturing bourgeoisie performed so creditably was because of the government's unswerving support and assurance to that sector - an approach which was a total contrast to that adopted for the commercial bourgeoisie.

Also counterproductive was the rapid rate at which the state moved into the productive spheres of the economy. Although state - led development is essential to the model of non-capitalist development, this does not mean that the state should leap into production. As we have pointed out the PRG did not yet have a well-equipped group of cadres to manage such a large state sector. This contributed to the poor performance of the state sector - another development which the private sector viewed with displeasure. Besides, the rapid 'encroachment' fed the fear that the government was about to centralise the entire economy. Again, this error could have been avoided.

Viewed in this light one can understand why the Grenada Chamber of Industry and Commerce should welcome 'the liberation forces of the Caribbean and United States'¹⁵⁴ with open embrace in the wake of the October events. Their statement 'Second Chance for a New Beginning', issued in November 1983, not only expressed their support and gratitude to the marines but it also catalogued the various ways in which their rights and freedoms were infringed under the revolutionary government. The statement ended with a plea to Grenadians as a whole to subordinate individual objectives to national goals of unity and nation building.

1. 'Line of March' in Grenada Documents ..., p20.
2. See Minutes of the various Annual General Meetings of the Grenada Chamber of Industry and Commerce (GCIC). Note GCIC is the island's leading private sector organisation. It is followed by the Grenada Hotel Association (GHA) which represents hoteliers. According to the May, 1983 Report of the GCIC, it had a membership of 87 firms (represented by 146 individuals) in that year.
3. See 'Line of March', in Grenada Documents ..., p 22. This factor was cited in the address as one of the several reasons why an alliance with the private sector was feasible.
4. For instance, a prominent feature of the Manifesto was a pledge to nationalise the main sectors of the economy.
5. Address by Bernard Coard at the 'Annual General Meeting of the Grenada Chamber of Industry and Commerce', May 24th, 1979, p 2.
6. Coard, *ibid*, pp6-7.
7. Coard, *ibid.*, p 7.
8. Coard, *ibid.*, p 7.
9. Coard, *ibid.*, p 7.
10. Coard, *ibid.*, p 8.
11. Coard, *ibid.*, p 8.
12. According to the author's interviews with members of the GCIC, the government enjoyed overwhelming support from Grenadians as a whole, including the business community, in the first year of the revolution. In fact, the then President of the GCIC, Mr Geoffrey Thompson, issued a favourable statement regarding his Chamber's present views on the situation on the 18th March - 5 days after the overthrow of Gairy. The following extracts from the statement are noteworthy:

'I do believe that the new Government is sincere in its intentions to hold free and fair elections as soon as possible. If that is the case then I am confident that the democratic process will ensure that the views of all sectional interests, including the commercial sector, will be truly and fully represented. I do not anticipate any worrying changes in the methods and patterns of business or the direction of the government's foreign policy that would adversely affect the economy of the country. Certainly there will be changes, but I do not believe that in the medium and long-term they would be to the detriment of Grenada'. The statement described the way the coup was executed as 'civilised. It noted further 'This Chamber is categorically opposed to any form of external intervention in our country's internal affairs and will mobilise all its resources against any threat to Grenada's sovereignty. At the same time we expect that our Caribbean

neighbours and the world community will not encourage or participate in any action, economic or political, that would be inimical to the Grenadian people'. Similarly the President 'urged all members and all business people in Grenada to maintain high standard of business ethics, and to co-operate with the Government in all just and legal endeavours' (See Barbados Advocate, Monday 19th March, 1979 for the full statement).

13. GCIC, 'Brief History of the Private Sector', p 20 My emphasis.
14. GCIC, *ibid*, p 20.
15. The government's price control legislations also came under scathing attack since it limited the profits to be gained from trading in certain goods.
16. During the authors interviews, members of the GCIC voiced strong criticisms about the government's plan to take over this sector entirely. In fact, the full range of commodities earmarked for government purchase was brought to my attention by several members of the Chamber. Interestingly, copies of several PRG documents, including the Report on the National Economy (1982), were prominently displayed on their shelves.
17. PRG, Report on the National Economy for 1982, p127.
18. The plan referred to goods which are normally utilised in the state sector. The government's intention was to develop an effective mechanism for planning the purchase and utilisation of these technical and material supplies in order to achieve various economies in purchase and production. The private sector saw this list as detrimental to their interests. Some of these goods were previously handled by them. Besides they reckoned that the list was illustrative rather than exhaustive (Author's interview with Mr. Patrick Clara of GCIC in June 1987).
19. Grenada Document III - II, in Seabury and McDougal, 1984, op. cit., p121.
20. 'On the possible Establishment of a State Trading Corporation ...' *ibid.*, pp 123-124.
21. Report on th National Economy for 1982 ..., p 126.
22. The National Commercial Bank consistently made a profit since its acquisition in 1979. Its profits stood at \$EC120,000 in 1980 and increased to \$EC1 million in 1981 (PRG, Report on the National Economy for 1982...., p 71).
23. GCIC, 1982, op. cit., p21.
24. Report on the National Economy for 1982 ..., pp 37-38.
25. *Ibid.*, p74.
26. GCIC, 1982, op. cit., p2.
27. GCIC, *ibid*, p8.

28. This organisation was expanded in mid-1983 when the PRG purchased the Holiday Inn after a great deal of its facilities were destroyed by fire. It is important to recall here that his Hotel comprised the bulk of the first class accommodation in the island. To the private sector the state was spreading its tentacles in all the critical sectors. They were thus suspicious of the implications of this expansion for the reproduction of private capital.
29. GCIC, *ibid.*, p9.
30. GCIC, *ibid.*, p8
31. GCIC, *ibid.*, p10 Note, experience has shown that this type of tourism, especially when large numbers are involved, can lend to substantial increases in the domestic price structure and contribute to the heightening of social tensions. (See OAS Mission, 'Physical Tourism Development Plan Zone 1, Grenada,' 1983, p6.).
32. The establishment of the Soviet Embassy in Grenada in September 1982 was interpreted by many as a clear signal of the extent to which the PRG were committed to the Eastern political model and culture. Gradually Grenada was coming under the orbit of communism, and this attracted further opposition from the business community (author's interviews with members of the GCIC in June 1987 regarding the significance of the Soviet Embassy). See also minutes of the GCIC and GHA for the period 1979-1984.
33. Since hard currency is lacking in Eastern countries one could not hope for much income from this source. According to a source close to the PRG, the government was prepared to accept goods from them in lieu of currency, i.e. a barter arrangement (author's interview with Bernard La Conbiniere, budget officer under the PRG, in May 1987). And there can be no doubt that the government was serious about attracting 'new tourists'. Referring to the plan to operationalise this trade a document written for the PRG by a Czechoslovakian, entitled 'A Project for Grenada's Economic Development in the period 1983-1985' noted 'The tourist trips from this country (i.e. Czechoslovakia) can be combined with the presently organised visits of Czechoslovakian tourists to Cuba' [Jiri Cerhonek, July 1982, p20].
34. GCIC, op. cit., p12.
35. GCIC, *ibid.*, p14. Their emphasis.
36. The distinction between the preliminary version and the final version of the 1982 World Bank Report is of tremendous importance since there is such a huge contrast between the two. The preliminary version was so scathing in its criticisms of the government's development strategy and achievements of the revolution that the Grenadian Authorities were compelled to forthrightly reject the Report. Many of the criticisms had no factual basis. The revolutionary government thus proceeded to write their own account of Grenada's developmental problems, strategy, and achievements. This Report (written from inside) was completed by the time the World Bank sent their new team of experts to collect fresh data on the Grenadian economy. The Report written by this latter mission incorporated the bulk of the Report written by the PRG - almost verbatim. It was thus positive and glowing in its account of the Grenadian economy since the revolutionary era. Incidentally, this final account has become increasingly rare since

its completion, even in Grenada itself. It is so scarce that some analysts say there is no World Bank Report on Grenada for the year, 1982. (The author was fortunate to get a hold of this vital document for a few hours - thanks to a prominent source in the Caribbean). Thanks are also due to all those interviewees who helped me to disentangle the mystery surrounding this Report).

37. World Bank, 'Economic Memorandum on Grenada', preliminary version, 1982, p15.
38. World Bank, *ibid.*, pp17-18.
39. See Claremont Kirton, 'Grenada and the IMF: the PRG's EFF Programme, 1983', unpublished paper (also undated), for further details.
40. On October 1, 1983 ECCA was transformed into a regional Central Bank (ECCB), designed to overcome many of the limitations of its predecessor.
41. GCIC, *op. cit.*, p22.
42. See PRG, To Construct from Morning: Making the People's Budget in Grenada, especially pp 126-129, for details of the various tax measures. See also Macro Planning Unit, 'Implications of the New Tax Measures in Grenada on Tax payers: Theoretical Perspectives', (Ministry of Finance, St. George's, Grenada) for a discussion of the incidence of these tax measures.
43. Bernard Coard, 'Budget Day: Presentation of 1982 National Plan and National Budget' in To Construct from Morning ..., pp128-129.
44. B. Coard, 'Budget Day' ..., p 129.
45. See Trinidad Guardian, 9th April, 1982.
46. Author's interview with Mr Adrian Redhead, GCIC, in June 1987.
47. See Barbados Advocate, 27th February, 1981.
48. PRG, 'The Grenada Investment Code', (Draft), (Grenada, Ministry of Finance, June 12th, 1981), p1.
49. Perhaps this was the justification for the term 'Code' (a term with legal connotations) as opposed to a less formal label such as Investment Guide. The formality of the document was sharply criticised by the United Nations Centre on Transnational Corporations (discussed below).
50. 'Grenada Investment Code', p25. Not many investors would be prepared to accept this condition. It is doubtful whether they would even bother to apply since so much risk and uncertainty are involved.
51. 'Grenada Investment Code', p26.
52. *Ibid.*, p 27.
53. See Coard's remarks (noted earlier in the present chapter).
54. See 'Grenada Investment Code', p24.

55. Ibid., p32.
56. Ibid. p31.
57. See 'Grenada Investment Code', pp32-34.
58. The list is worthy of examination for it provides a clear insight into the types of industries the PRG had wished to see in Grenada, and the scale of industrialisation envisaged.
59. 'Grenada Investment Code', p36.
60. Author's interviews with Grenadian businessmen in June 1987.
61. UNCTC, 'Preliminary Comments on the Grenada Investment Code', p1.
62. As we have seen the incentives offered by the PRG flow from legislations which were already in place, i.e. the Hotel Aid Ordinance and the Fiscal Incentives Act.
63. UNCTC, *ibid*, p2.
64. UNCTC, *ibid*., p17
65. See UNCTC, *ibid*., especially p15.
66. UNCTC, *ibid*., p16.
67. UNCTC, *ibid*., p8.
68. UNCTC, *ibid*., p8.
69. See 'Grenada Investment Code', especially pp29-30, for the list of restrictions. For example, non-resident shareholders would not be allowed to repatriate more than three quarters of their share of net profits for the first five 'profitable years'. If they chose to repatriate more than three quarters, they would be subjected to a 10% 'toll gate' tax (See *ibid*., pp 29-30).
70. UNCTC, *ibid*., p17.
71. UNCTC, *ibid*., p10
72. UNCTC, *ibid*., p19.
73. 'Grenada Investment Code', p23.
74. The PRG, too, had experience of the notorious side of foreign investment. The mysterious fire at the Holiday Inn which dealt a substantial blow to the island's tourism industry was a recent case in point. Interestingly, the fire coincided with the expiry of the 10 years tax holiday which this multinational corporation had obtained. 'Mysteries' of this kind are regular occurrences in the region (Author's interviews with personnel at the Caribbean Development Bank and with members of GHA and GCIC, in May and June, 1987).
75. UNCTC, op. cit., p8.
76. World Bank, 1982, (preliminary version) op. cit., pp20-21.
77. See Overseas Private Investment Corporation, Grenada Investment Guide, (March 1983), p3.

78. This is not to say that the PRG had not made important advances in these areas. But one could not expect the huge legacies from the past, Gairicism in particular, to be reversed overnight.
79. See PRG, Report on the National Economy for 1982..., p81. Emphasis added. 'In many countries, government provides some general guidelines for the private sector which may or may not be followed. However, our government, like many progressive governments, is now seeking to do more by providing the private sector with an investment Code. This investment Code, under discussion for the past 18 months, will soon become law.' Note, the code was also debated at the workshops by members of the various mass organisations (See PRG, To Construct from Morning, especially the section captioned 'The Economy and the Masses', pp102-131).
80. Author's interview with leading Grenadian businessmen in June 1987.
81. Author's interview with Mr Justin Francis, manager of GEEST Industries (W.I.) Ltd., in June 1987.
82. Grenada Chamber of Industry and Commerce, 'Report of the Council of Management for the Period April, 1983 - March, 1984', presented at Annual General Meeting, 11th April 1984, pp18-19.
83. The statement was reproduced in full in The Grenadian Voice, November 20, 1983, p6.
84. For a clear summary of the application of 'revolutionary manners' on those perceived to be 'counters', see Payne et al, 1984, pp39-41.
85. 'Line of March', in Seabury and McDougall, 1984, pp71-72.
86. Cited in Trinidad Express, Thursday October 4th, 1979.
87. Trinidad Express, *ibid*.
88. To members of the GCIC, these terms were personally abusive. See 'Report of the Council of Management,' presented at Annual General Meeting, 18th May 1983, (Grenada Chamber of Industry and Commerce, St. George's, Grenada), p13.
89. 'Line of March', in Seabury and McDougall, 1984, p61.
90. Bernard Coard, 'National Reconstruction and Development...', p44.
91. See Chapter 2, Table 2:3, above. See also World Bank, 'Economic Memorandum on Grenada', (August 1982).
92. This is a joint-ownership enterprise (49% of the shares belong to the Huggins' and 51% to U.S. businessmen). The firm came into operation in April 1980 but construction activities actually began in 1978. The latter date is important for as the Manager pointed out construction would not have begun had they known of the imminence of a Revolution in March 1979. 'We would watch the climate first before we commit our resources' (Author's interview with Mr Hypolite in June, 1987).

93. The decision to impose visa requirements and trade restrictions - a clear violation of the CARICOM Treaty - was directly related to the effects of the reduction in oil prices on the Trinidadian and Tobagonian economy, dominated as it was by petroleum activities.
94. Government of Grenada, 'Industry', (Ministry of Finance, Grenada, St. George's, (undated)), p2.
95. Government of Grenada, 'Industry', p2.
96. A. Boatswain, 'The Development of the Manufacturing Sector in Grenada 1980-2000 (Problems and Prospects)', (Ministry of Finance, Grenada, St. George's, 1984), p32-34.
97. Author's interview with Mr Hypolite in June 1987.
98. See the party's 1973 manifesto.
99. Author's interview with Mr Hypolite in June 1987.
100. Author's interview with Mr Hypolite in June 1987.
101. They are widely described as 'cottage industries', a term reminiscent of the predominant type of industries in pre-industrial England, on account of their size and structure of organisation.
102. These are the malt and beer factory and the garment industries dominated by Deco Industries Ltd. and Hadeed Garment Factory Ltd. According to one family member of Deco Industries, the firm has a regular staff of 400 workers - 80 per cent of which are women (Author's interview with Mr Don Deco in June 1987).
103. Boatswain, op. cit., p29.
104. This figure is based on statistics obtained from the Central Statistical Office in Grenada.
105. J. Cerhonek, *ibid.*, p1.
106. *ibid.*, p4.
107. *ibid.*, p7.
108. *ibid.*, p8.
109. See also appendix 7:A:2 for more potential industrial activities.
110. Cerhonek, *ibid.*, p8.
111. The figure for 1980 excludes cement consumed by the International Airport.
112. See Cerhonek, *ibid.*, pp13-14.
113. *ibid.*, p6.
114. See chapter 8 below for further remarks on the IMF conditionalities.

115. The researcher became convinced of the seriousness of these constraints after visiting several manufacturing enterprises in Grenada and indepth conversations with businessmen in the island. It is the researcher's deep conviction that academics, policy makers, and political activists in the region should read and re-read Lewis' works carefully.
116. A. Boatswain, op. cit., pp4-5.
117. This climate was described as one of 'uncertainty and anti-private investment' by a Task Force Report, 'The Private Sector in the Economy of Grenada'. A PRG critique of this Report has this to say: 'The most striking features of this Report are undoubtedly its fallacious assumptions, inherent contradictions, a poor knowledge of Government's reconstruction policy, and downright ignorance of the historical perspectives and present day risk-averse-conservative nature of the average Grenadian businessman'. The critique notes further that 'the Task Force displayed its bias by consulting mainly with businessmen who are understandably opposed to change. It is obvious that the government was not consulted' (PRG, 'The private sector in the Economy of Grenada: A Critique', (Ministry of Finance, St. George's, Grenada, (undated), pp1-3.
118. T. Thorndike, Grenada: Politics, Economics and Society, pp98-99. See also the discussion of non-capitalist development in Chapter 4 above.
119. The evidence does not suggest any major closing down of production ventures. A prominent businessman and past president for the GCIC, David Minors, however, resigned in July 1982 and took up residence in Canada (GCIC, 'Report of the Council of Management,' 1983, p1). There is adequate evidence to prove that many members of the professional strata and expatriates (who previously occupied the Westerhall Point residential area for the most part) migrated en masse. This is discussed in chapter 8.
120. World Bank, 'Economic Memorandum on Grenada', (1982), final version, pxii.
121. J. Stephens and E. Stephens, 1986, op. cit., p300.
122. An estimated \$EC600 million was planned to meet what Coard described as 'the requirements and the needs to develop a real economy for Grenada, a self-sufficient economy, a dynamic economy, an economy which is able to provide the necessary material well-being for the people of the country, and to provide an infrastructure which not only restores what has been destroyed but goes well beyond that in terms of what is absolutely necessary for the foundation upon which direct production can be based' (Bernard Coard, 'National Reconstruction and Development...', p32).
123. This sum amounted to EC\$878,000. This compares to EC\$102,000, EC\$274,800, and EC\$96,000 for 1981, 1980, and 1979, respectively. See Boatswain, op. cit., p111.
124. This observation is also borne out for the post-1979 period, despite the PRG's attempts to prioritise the distribution of credit to the various competing sectors.

125. Grenada Chamber of Industry and Commerce, 'Report of the Council for the Period April, 1982 - March, 1983,' p19.
126. The period 1979-1981 may be regarded as a 'boom phase'. During this period projects (especially by the state) were constantly launched, new jobs were generated (albeit many were of a seasonal nature), and foreign capital inflows poured in without interruption. Relative to GDP total government expenditure grew from 6.5 per cent in 1978 to 54.5 per cent in 1979, and reached 58.0 per cent in 1982 (see World Bank Report, 1984, p126). See also chapter 8 below.
127. PRG, Report on the National Economy for 1982..., p31.
128. PRG, *ibid*, p31.
129. This is defined as the total of notes and coins (i.e. money held by the non-bank public) plus demand deposits. M2 on the other hand is comprised of M1 in addition to savings and time deposits.
130. This was probably due to their fears that the government would pass some law which would deprive them of easy access to their money if held in commercial banks. It was a clear expression of loss of confidence in the government.
131. This is based on data obtained from the Central Statistical Office, Grenada.
132. For the winter 1982/1983 season, hotel capacity stood at 34% compared to 40% for 1981/1982 winter season. The picture was even worse for the summer period. These were 25% for 1983 and 23% for 1982. (Grenada Hotel Association, 'Report of the Executive Director,' December 1983, p2).
133. GHA, *ibid*, p1.
134. GHA, *ibid*, p4.
135. In a joint report on the state of Grenada's tourism written by the GHA and GCIC (sent to the PRG in January 1981) the businessmen told the government candidly that 'tourists are not particularly inclined to areas which abound with rebels, counter-revolutionaries, mercenaries etc. or where threats of invasion and acts of political violence seen commonplace'. The government was also advised to 'adopt new approaches to the question of foreign policy, and foreign relations, and should as an imperative, eliminate revolutionary rhetoric which antagonises and/or frightens the people we need to keep the tourist industry alive and to provide jobs for the unemployed'. See 'Revolutionary policies have backfired', (Trinidad Express, Thursday, 22nd October 1981), for further details.
136. GHA, 1983, op. cit., p5.
137. According to data compiled by the CTRC a total of 39,500 stayover visitors went to Grenada in 1984. The figure increased to 52,000 and 57,300 for 1985 and 1986, respectively. These figures contrast sharply with those for the period 1979-1983. See Chapter 6 above.

138. See Manley (1982), especially the four chapters under the heading 'Reaction', and Stephens and Stephens (1986) for a detailed and comprehensive discussion of the characteristics of this path of development and the problems encountered in pursuing it.
139. M. Manley, Jamaica: Struggle in the Periphery, (Third World Media Ltd, London 1982), p38.
140. Manley, *ibid.*, p218.
141. Exchange control is administered by the Ministry of Finance. Currencies are freely allowed into the country but they must be offered for sale to a local authorised foreign exchange dealer at the prevailing rate of exchange, unless Exchange Control permission has been obtained by the Ministry of Finance to do otherwise. Grenadians are also allowed to hold external bank accounts provided they conform to the requirements of the Ministry of Finance.
142. W. Joefield-Napier, 1986, op. cit., p36. Emphasis is in the original.
143. In an interview I was told that the PRG realised that people were exporting the local currency in huge quantities. To stem the outflow the Eastern Caribbean Currency Authority was requested to place a special mark on the notes which were printed for Grenada so that they could be readily identified in the Eastern Caribbean area. The request was implemented (Interview with Mrs Beverly Steele in June 1987).

In another interview with two prominent local businessmen who also has business elsewhere in the Caribbean it was also admitted that they exported currency. Their strategy was to increase their overdrafts (i.e. borrow more from the banks) and export the bulk of their personal funds.
144. See Chapter 8 below, for further discussion of this point. Note the price controls imposed by the PRG also helped to temper the rate of growth of domestic prices.
145. Author's interview with L. Ramdhanny in June 1987.
146. The paper was sponsored by 26 prominent individuals in Grenada. They included business directors, business-owners, trade unionists, barristers, a banker, a journalist, a butcher, shopkeepers, farmers and housewives (See Caribbean Monthly Bulletin, Vol. 15, No.8, August 1981, p2 for the full list of names).
147. See Caribbean Monthly Bulletin, *ibid.*, p3.
148. Caribbean Monthly Bulletin, *ibid.*, p1.
149. Author's interview with Mr Adrian Redhead in June 1987.
150. He was alluding to the many foreign trips which members of the Chamber made with the PRG to champion the cause of the country. A notable joint trip was to the Airport Co-financing Conference in Brussels in 1981. On that occasion Coard could boast 'the composition of our high level delegation to this conference is also an indication and reflection of this total support about which I speak. In addition to the Government representatives like myself

and our Chairman Ambassador, our delegation includes the Vice-Minister of Finance, who is himself a businessman in his own right and a former President of the Chamber of Commerce of Grenada and a past Director of the Caribbean Association of Industry and Commerce. It also includes the present President of Chamber of Commerce and Industry of Grenada, the President of the Grenada Hotel Association and the Chairman of the Tourism Board of Grenada. This would tell you what our private sector people think of the project for all sections of the private sector, both of those mentioned already, as well as Rotary, Lions, Jaycees, and other service clubs, the Employers Federation etc have all expressed their total support for our international airport. So have virtually all the churches in our country of all diverse denominations' (Coard, 'Adress to Aid Donors Conference on International Airport Project', (Brussels, April 1981, p4).

151. See 'PRG using Chamber in Window-dressing role', Trinidad Guardian, April 9, 1982, p5.
152. Author's interview with Mr Adrian Redhead in June 1987.
153. If the non-capitalist model is not economically successful, then it is not likely to be politically successful. Therefore it is very important not to alienate the private sector. Their presence must be tolerated even if an alliance cannot be solidified with them. Four-and-a-half years is probably too short a time to determine whether such an alliance was possible in the Grenadian context.
154. See The Grenadian Voice, November 20, 1983.

Chapter 8

MACROECONOMIC PERFORMANCE UNDER THE PEOPLE'S REVOLUTIONARY GOVERNMENT AND THE OCTOBER CRISIS

Introduction

In chapters 5 - 7, I provide a backdrop against which the overall performance of the Grenadian economy under the PRG can be gauged. The analysis contained in those chapters is indispensable to any attempt to assess the credibility of the various --- often conflicting --- reports written on the Grenadian economy for this period, by both inside and outside observers. There are three notable accounts, viz, (i) the PRG, (ii) IMF, and (iii) World Bank.¹ For ease of analysis these are treated below as the 'inside account' (i.e. PRG) and the 'outside account' (i.e. IMF and World Bank).²

But before reporting on these two competing accounts, a brief exposition is provided on the difficulties of measuring Gross Domestic Product (GDP) --- especially in peripheral economies like Grenada where hard, reliable data is rarely available. Some of the more outstanding limitations of using this aggregate as a yardstick for measuring the economic and social achievements (or lack of achievements) of a government are also noted. The justification for this digression stems from the paramount importance attached to GDP by all the analysts considered. Stated alternatively, and in more blunt terms, GDP is often used as a political slogan or weapon. The successful government is thus regarded as the one which is able to generate large and increasing rates of growth of GDP. The converse is also believed to hold true.

Accounting for Gross Domestic Product: Some Problems of Measurement.

In any economy (developed or underdeveloped, large or small) a whole host of transactions and activities --- many of which are closely inter-related --- are conducted from day to day. For example, farmers are producing food crops. Firms in turn are selling cutlasses, forks, fertilisers and other inputs to them. Also, workers are receiving wages, students are receiving grants, pensioners are receiving state benefits, goods and services are being exported and imported, second-hand goods are being traded and people are producing goods and services for themselves (such as painting their own house and growing food for their own consumption). But are all these transactions counted as part of the country's GDP?

To answer this question we need to have a clear definition of GDP and knowledge of how it is measured. Beckerman (1976) defines gross national product 'as the unduplicated value of the flow of goods and services produced by the nation in the time period concerned (usually a year).'³

In determining what transactions to include in GDP, national income statisticians distinguish between 'productive' and non-productive' transactions/activities. The former refers to transactions which contribute directly to the flow of goods and services while the latter, in Beckerman's words, are 'simply means of redistributing, among the different members of the community, the goods and services produced in the economy'.⁴ A generally accepted example of a 'productive' transaction is a farmers payment for seeds or fertiliser - providing these are used to produce goods to be disposed in the market. Similarly, a clear example of

a 'transfer payment' is grants to students or payment for pensions and state benefits to members of the population. Although these two examples are reasonably clear-cut, in practice a great deal of arbitrariness is employed when classifying transactions/activities into these two categories. More often than not, the dividing line is determined by the value judgment of the national income accountant. Soviet analysts, for instance, exclude many public and private services (such as entertainment, transport, hair cuts, face lifts, law and order) from their computation of GDP on the grounds they do not contribute directly to the production and distribution of material output.⁵ This subjective element suggests that a country's GDP can be 'small' or 'large' depending on the convention it adopts with respect to productive and unproductive activities.

To develop this point further, we may also emphasise that only market transactions are normally included in the measure for GDP. For example, if the farmer grows food for his own consumption, the value of that food is not counted as part of the country's GDP. But if he was to sell that food it would be included in GDP. Similarly, there is the paradox that a maid's service is included in GDP whereas it would be excluded if the house-owner was to marry his maid.⁶ Other notable omissions include income earned from illegal activities and transactions in 'second-hand' goods.⁷

Even after we have determined what is a productive activity, we are still left with formidable problems. We cannot simply aggregate the value of all transactions in productive activities to obtain a measure of GDP. If we do that, we would fall in the dangerous trap of 'double counting'. To avoid this error, national income statisticians distinguish between 'intermediate' products/transactions and 'final' products/transactions.

The former denotes products which are used as inputs in the production of other productive goods and services within the particular economy. The latter, as implied by the term, are required for consumption purposes in their present form. The important thing to bear in mind is that it is not the character of the product which matter here, rather it is the use to which it is put. For example, if farmers in Grenada sell \$EC20 million worth of fruits and vegetables to Grenada Agro Industries LTD which, in turn, use this produce to produce \$EC40 million worth of fruit juices and vegetable soups, we cannot simply conclude that these two sets of output contribute \$EC60 million to Grenada's GDP.⁸ This would constitute double-counting. In this particular example, the output of the farmer is an intermediate product. If it was sold in its present form to consumers, it would be a 'final' product. Similarly, if the \$EC40 million worth of output is now sold to consumers that transaction would represent a 'final' sale.

Like 'productive' and 'unproductive' activities, it is not always obvious where to draw the dividing line between 'intermediate' and 'final' transactions. For example, some Western economists contend that government services such as law and order are nothing more than 'inputs' into the productive system --- without which the economy could not function properly. To include this as a part of final output is thus tantamount to a form of double-counting. As we have already seen, Soviet economists would agree with this omission but for different conceptual reasons (i.e. they are simply not regarded as productive activities).

Even after these conceptual difficulties are resolved, the national income analyst is still encumbered with other problems. Above all, he or she must now determine what method to employ to compute the value of GDP.

There are three principal methods on offer, viz, (i) the expenditure method (ii) the output method (or 'industry of origin' method), and (iii) the income method.⁹ The first method is a summation of all the expenditures in the economy on final goods and services (needless to say goods and services regarded as 'productive'). The second method sums the total contribution or 'value added' by each industry or sector to the value of final output. Finally, the income method measures GDP by aggregating the incomes earned by all the factors of production which are used in the production of final output.

In principle the three methods should yield the same result since they are merely three different ways of looking at the same phenomenon. By definition, the sum total of all factor incomes must be equivalent to the sum total of value added by each industry, which, in turn, must be equivalent to the value of final sales. In practice, however, the methods normally generate a different result. It is only a matter of happy coincidence if the results actually match.

The main reason for this divergence is data inadequacies. The statistics which are used to compute national income are often collected for other purposes. For example, statistics about imports and exports may have been, and indeed usually are, collected for purposes of trade regulation and payment of duties. Similarly, statistics about incomes may have been collected largely for purposes of income taxes or to suit the needs of the particular department. Some statistics may have been even collected to prove to a particular authoritative Body that resources have been used for the purpose for which they were originally authorised.

Referring to the difficult nature of the task faced by the national income statistician, Beckerman has this to say:

'The national accounts statistician has to try to piece together a complete picture of the national product as best he can with the aid of such data as have been prepared for quite different purposes. Whatever method he adopts, therefore, always contain a large element of estimation - not to mention guesswork and hence always involves a certain margin of error ... In fact, the different methods are generally used in conjunction with each other - some components of national product being best estimated by one method and other components by another method'.¹⁰

When viewed in the context of countries like Grenada, Beckerman's argument carries even greater force. Lack (or under-provision) of computer facilities - and other sophisticated devices for processing and storing data - severely hampers the quality and quantity of whatever data is available. The paucity of financial resources also means that data cannot be collected as often as is required. Even when they are collected, they may not be properly filed and stored for long periods. To state what should be an obvious point, the development of a sophisticated, reliable, and efficient data base requires great effort from every member and organisation within the particular country. Each organisation, for instance, must be aware of its relationship to other organisations within the country. As such, it must be conscious of the wider importance and usefulness of data relating to its particular activity.

In his article on 'Attempts at Economic Planning in the Early Stages of Transition. Some Notes on the Grenadian Experience', Claremont Kirton (who was one of the chief planners in the Ministry of Finance, Planning, and Trade) offers the following insightful remarks about the 'data problem':

'Of course, like most former colonies, data on foreign trade is widely available, but information on domestic production especially in the 'unorganised' markets is only partially available ... Quantitative data was based more on estimates and sample surveys'.¹¹

Kirton also remarks on the poor response of private sector organisations to government requests for basic data: 'Private Sector data is limited both in terms of quantity and quality, suffers from serious delays, and when submitted as required is affected by numerous gaps which render the data sometimes useless'.¹² He attributes this ineptitude to 'the historical experience where private entrepreneurs were accustomed to operate without being subjected even to a minimum of regulation or control'.¹³

The constraints noted by Beckerman and the argument developed in the foregoing paragraphs mean that (even in developed, Western economies) it is impossible to generate a totally accurate picture of a country's GDP.¹⁴ The computational difficulties mean that the national income analyst may sometimes find it easier to adjust the GDP figure for a previous year by a certain quantity, rather than trying to build the picture up from scratch. He may even use the GDP figure for a 'similarly placed' country as a benchmark for estimating the GDP of a neighbouring country.¹⁵

Other problems, though less complex in nature, still have to be addressed. Should GDP be measured at market prices or at factor costs? Current/nominal prices or constant/real prices? To increase the usefulness of the GDP figure, the national accounts statistician may decide to compute it in all four sets of prices. Some definitions are in order here. The market price valuation refers to the prices paid by the final user for the goods and services produced. It thus includes all forms of sales tax (for example, Value Added Tax) and is calculated net of subsidies. The factor cost valuation, on the other hand, excludes indirect taxes but includes subsidies granted to producers. That is to say, factor cost is simply based on the factor incomes created in producing the goods and services. A high GDP can, therefore, result from the imposition of excessive indirect taxes on the output produced (and not necessarily from greater production). The figure can also be affected significantly by whether it is measured in constant/real terms or in current/nominal terms.

The nominal valuation utilises prices of goods (or factors of production) prevailing in the current period to measure the value of the current period's output. The real valuation, on the other hand, uses prices which prevailed in a base period.¹⁶ For example, if a nation's GDP increased by 50 per cent but prices increased by 50 per cent in the same year that nation will not have more goods and services available for its population. That is to say, it is no better off in real terms. But if prices increased by only 25 per cent the nation would definitely be better off.¹⁷

Thus it is important to know whether the output is measured in real or nominal terms and in market prices or factor cost since the overall value can fluctuate considerably depending on how it is measured. Two more alterations need to be made before we can arrive at a figure which

reflects the net value of goods and services available to the nation. First, we must deduct the amount of capital consumption (i.e. depreciation) which is used up in the production of the output for the particular year under consideration. The resulting figure is net domestic product. Next, we must add net property income from abroad.¹⁸ This leaves us with a figure for net national product (which must be measured at the appropriate set of prices).

From what we have noted so far, it should be clear that the computation of a country's national income is a formidable task --- a task which entails a lot of guesswork and arbitrary decisions, particularly with respect to the classification of transactions/activities into 'productive' and 'unproductive' categories. The foregoing also highlights how easy it is to exaggerate the figure for national income, whether by conscious or unconscious designs. Nonetheless, given that we succeed in arriving at a reasonable measure for national output our next task is to examine the usefulness of this figure.

Some Limitations of the GDP Concept

As a macroeconomic concept, GDP has some obvious uses. Providing it is fairly accurately calculated (and a consistent methodology adopted) it can yield insights into how a nation's output is growing or declining from year to year. This, in turn, has clear and direct implications for employment opportunities and the structural transformation of an economy. But the limitations of the concept become patently obvious when we try to use this aggregate as a measuring rod for changes in the level of material well-being of a country's population. Although analysts are aware of the limitations of GDP in this context, they continue to allow themselves to be misled by the concept since it is the most readily available

quantitative measure of what the economy produces.¹⁹

But before GDP can provide any meaningful insight into a country's level of 'welfare', however narrowly defined, a number of caveats need to be issued. As we have already seen, attention must be paid to any significant change in the general level of prices since it is possible for the change in domestic or national product to be offset by price changes, thus leaving the nation no better off. Other important modifications include taking account of changes in population. To put this point a slightly different way, it is not so much the size of the 'economic pie' which matters, but the number of people among which it has to be shared and the relative proportions going to each member of the population. This implies that merely dividing GDP by the population to obtain a measure of per capita GDP is not sufficient. Per capita GDP is a crude average which does not capture how the pie is distributed among individuals in the nation. A nation can thus have an extraordinarily high per capita income, yet the bulk of its population continue to be deprived of basic goods and services.

This consideration suggests that we must take account of the way in which income is distributed before hastening to conclusions about material well-being of a country's population merely on the basis of the size of national output. And since GDP does not normally include goods and services which are not traded in the market, it should also follow that a low per capita figure does not necessarily imply a low level of material welfare.

It is also of vital importance to examine the composition of the output that is produced since not all goods and services which constitute national product contribute directly (or to the same degree) to a nation's

welfare. Some of them may be even positively harmful. For example, the production of cigarettes and military equipments are typically included in the nation's GDP but many, even within the particular society concerned, would dispute whether such goods and services add to their welfare. Similarly, the value attached to some products/projects by the citizens of a country may be significantly understated by GDP. (This observation has special significance for Grenada). For example, the premium many Grenadians placed on the construction of their country's international airport was over and above any monetary valuation. Many regarded it as a symbol of beauty, recreation and national pride, since for years (indeed decades) they had sought their own airport.

By the same token, the production of some goods and services may produce great discomfort to a country's population. These may take the form of working for long hours under poor physical conditions, damage to personal property and the environment, air and water pollution and various forms of diseases, particularly respiratory diseases. The GDP figure, strictly speaking, should thus be altered to reflect the 'gain' and 'losses' to the public in the production of the nation's output. While still on this point, it is worthwhile stressing that if a substantial part of a nation's GDP is comprised of capital goods (such as Grenada's GDP was under the revolutionary government), a significant part of the population is likely to regard this as an unfavourable development since these goods do not contribute directly to their material well-being in the present accounting period. Although there is an element of truth in that view, it cannot be overemphasised that the production of such goods constitute the basis for the production of greater quantities of consumer goods and services in subsequent periods.

Another notable consideration is the social and political conditions under which the country's output is produced. For example, if these conditions breed insecurity, apprehension, and division within the society, its citizens may well prefer a period when GDP was comparatively low and stability and security prevailed. Again this point has special relevance in the Grenadian context, as we will later note.²⁰

Apart from the measurement problems associated with the computation of GDP, what the foregoing highlights is the need to interpret national income statistics with great caution and care. This is particularly important when we attempt to use GDP as a measure of welfare or as a measure of a regime's contribution to the economic and social life of a nation. Above all, we must be constantly aware of the largely subjective nature of what people regard as their welfare. At best GDP or GNP only provide a notion of economic welfare which, quite evidently, is only a part of total welfare. Thus we may aptly conclude this aspect of our discourse with the rather penetrating and insightful passage from American economist, Arthur Okun:

'It is hard to understand how anyone could seriously believe that GNP could be converted into a meaningful indicator of total social welfare. Obviously, any number of things could make the Nation better off without raising its real GNP as measured today: we might start the list with peace, equality of opportunity, the elimination of injustice and violence, greater brotherhood among Americans of different racial and ethnic backgrounds, understanding between parents and children and between husbands and wives, and we could go on endlessly. To suggest that GNP could

become the indicator of social welfare is to imply that an appropriate price tag could be put on changes in all of these social factors from one year to the next ... it is ... asking the national income statistician to play the role of a philosopher-King, quantifying and evaluating all changes in the human scene. And it is absurd to suggest that, if the national income statistician can't do that job, the figure for GNP is not interesting.²¹

Report on the Economy: The Inside Account

Finance Minister and Deputy Prime Minister, Bernard Coard, began his government's first official report on the performance of the Grenadian economy by reviewing developments within the world capitalist economies:

'These economies are facing high rates of inflation, inflation rates above 12 per cent These economies are also facing increasing levels of unemployment and slow down in expansion of international trade. Furthermore, available information shows that, in 1981, some of the developed capitalist countries had a negative rate of growth in their economies In fact, they grew backwards. They showed an economic decline.'²²

Thus, on the PRG's own terms, one standard by which it can be judged was its ability to contain and reverse inflation and unemployment, stimulate trade, and generate economic growth.

According to their account, the Grenadian economy under the revolutionary government's husbandry performed creditably on all these counts. With respect to the all-important question of economic growth (measured in terms of GDP) an upward trend was reported --- with the figure reaching 5.5 per cent in 1982, more than double that for 1979 (i.e. 2.1 per cent). The full picture is set out in table 8:1.²³ Table 8:2 is also worth noting since it provides information on the performance of the various sectors of the economy, albeit for only three years.

Table 8:1 Grenada's Growth Since The Revolution: Dynamic
of Gross Domestic Product¹ (1979-1983)

(in EC \$ million)

	1979	1980	1981	1982
Nominal GDP 2/	196.6	231.7	261.5	298.4
Real GDP 3/	144.2	148.6	153.0	161.5
Deflator 4/	136.3	155.9	171.0	184.8
Annual Changes (%)				
Nominal GDP	18.0	17.9	12.9	14.1
Real GDP	2.1	3.0	3.0	5.5
Deflator Index	11.6	14.4	9.7	8.0

1. 1979-1981: figures reported in Economic Memorandum on Grenada by World Bank on August 4, 1982.
2. At current market prices.
3. At constant prices of 1977.
4. Index of percentage change, 1977 = 100.

Source People's Revolutionary Government, Report on the National Economy for 1982 and the Budget Plan for 1983 and Beyond

Table 8:2 Sectoral Distribution of Real Gross Domestic Product (1979-1981) in %.

	1979	1980	1981
Real Gross Domestic Product	2.0	3.1	2.0
Agriculture, Fisheries and Forestry	3.0	-1.5	5.0
Manufacturing	3.4	-3.3	N.A.
Electricity and Water	5.5	5.5	0.4
Construction	N.A.	208.0 ¹	14.5
Wholesale and Retail	2.9	2.0	-2.2
Hotel and Restaurant	N.A.	-6.2	-20.0

N.A. = NOT AVAILABLE

SOURCE: People's Revolutionary Government, Report on the National Economy for 1981, p.6.

1. This figure for growth in the construction sector in 1980 might well be a printing error. Perhaps the intended figure is 20.8 -- a figure more akin to the 21.9% reported by the IMF (as noted below). In any event that figure is likely to be guestimate since the figure for the previous year was not available. That figure is obviously needed for purposes of comparison. (We will assume the intended figure was 20.8 instead of 208.0).

Not surprisingly, the construction sector accounted for the bulk of the growth that took place during this period --- reflecting the importance the government attached to the development of infrastructural activities. This was regarded as the foundation for

genuine socio--economic advancement. And as we have already pointed out, pride of place was accorded to the construction of the international airport. It is not clear, however, just how much money was spent on the airport or on total capital expenditure for that matter since inconsistency is evident in even the data contained in government sources. With respect to the airport, the PRG valued it at a cost of \$US70m but the CDB put the cost as high as \$US110m.²⁴ In their Report on the National Economy for 1982, the PRG noted that a total of EC\$237m was spent on capital expenditure between 1979 and 1982 --- an amount which, in the government's assessment 'stands on its own as a remarkable achievement, and (it) completely overshadows the tiny amounts of money spent on capital projects during all of Gairy's 25-year dictatorship'²⁵. The breakdown of the figure is as follows: EC\$16m for 1979 (compared to EC\$8 m for 1978), \$EC39.9m for 1980, \$EC79.2m for 1981 and EC\$101.5m for 1982. Another government document, Revised Economic Memorandum on Grenada, also confirms this upward trend, but with different figures. These are EC\$32.5 m for 1980 and EC\$99.1m for 1981.²⁶ This surge in capital expenditure resulted in a 20.8 per cent increase in construction activities in 1980 and a growth rate of 14.5 per cent for 1981.²⁷

But the picture was less encouraging for other critical sectors of the Grenadian economy, particularly tourism and agriculture. According to the PRG, the main problems they faced in these two sectors were exogenously determined. Thus agriculture was plagued by bad weather, pests, shrinking demand, and adverse terms of trade. Similarly the crisis in tourism and tourism-related sectors was attributed to the international recession and adverse propaganda and other forms of what the PRG called 'destabilization' - a term which became a part of the lexicon of the

Revolution from an early stage.²⁸

The sluggish performance of the critical sectors of the economy contributed in no mean way to a severe balance of payments disequilibrium. Although not much is recorded in the PRG documents on the overall performance of the external sector, much can be learnt about the Grenadian economy from the available data (from this source). Thus the Report on the National Economy for 1981 ... notes that total merchandise exports for 1980 and 1981 amounted to a value of EC\$44.6 million and EC\$51.1 million, respectively.²⁹ The figure for 1982 fell to EC\$50.0 million.³⁰ Merchandise imports on the other hand stood at EC\$ 151.8 million for 1980, EC\$159.9 million for 1981, and EC\$150.9 million for 1982.³¹ The balance of trade deficit can be computed from these data. These are EC\$107.2 million, EC\$108.8 and EC\$100.9 million for the period 1980-1982, respectively.

Net receipts from invisible exports (i.e. tourism, banking, freight, insurance and other services) were not sufficient to offset this huge deficit on the balance of trade. As we have already pointed out, tourism - Grenada's principal invisible export - underwent an acute depression during this period. According to the PRG, earnings from this critical sector declined by approximately US\$3 million in 1981 alone. That is, total earnings from tourism and net remittances from overseas was estimated at US\$16 million in 1981 compared to US\$19 million in 1980.³² For 1981, the total deficit on the current account was a staggering US\$25 million or EC\$67.5 million -- a figure which exceeded total earnings from merchandise/visible exports by EC\$16.4 million.

The persistent deficit was financed mainly by grants and loans from both bilateral and multi-lateral sources. A total of \$EC67.4 million was received from these sources in 1982 compared to EC\$58.2 million in 1981.³³ To the PRG inflows of funds on this relatively large scale was indicative of the strength of the Grenadian economy and the government's ability to sustain it on a viable path:

'This reflects the growing confidence which other Governments and International Organizations now have in our people and Revolution, and in the ability of the Government to manage the economy.'³⁴

But the PRG did not intend to get enmeshed in 'the debt trap.' As Coard put it in an interview with Chris Searle in 1983 'we try to keep our debt service ratio within manageable bounds.'³⁵ A proud Coard noted that only 3 per cent of Grenada's GDP was spent on repaying the total public debt in 1982. With respect to the foreign component of this debt, only 3.7 per cent of the country's foreign exchange earnings was required to service it in 1982 -- a figure described as 'among the lowest for any country in the world'.³⁶ Coard also emphasised that, unlike Gairy and many other governments, the PRG were borrowing for productive purposes rather than for consumption.³⁷

Despite the adverse developments on Grenada's balance of payment, it was reported that the economy had begun to undergo a fundamental restructuring and transformation of its external trade. This was particularly marked in the case of the composition of exports, as highlighted in Table 8:3. Among the non-traditional exports the most significant were garments, flour and agro-industrial products. Agro-industrial exports were particularly significant since (i) they were completely non-existent

before 1979 (and that was despite the abundance of fruits in the island - much of which normally go to waste) and (ii) they were undertaken by the inexperienced state sector, despite the long involvement of the private sector in the economy. As a result of these new sources of foreign exchange, the PRG was able to cushion somewhat the debilitating effects of the crises in the tourism and (traditional) agricultural sectors. It was also able to reduce Grenada's reliance on trading arrangements with a handful of countries. In addition to western sources, trade links were established with Eastern Bloc and neighbouring CARICOM countries. By 1982 Trinidad and Tobago became the second largest source for Grenada's non-traditional exports.³⁸

Table 8:3 Composition of Exports (1979-1983) in %

	1979	1980	1981	1982
Traditional Exports	93	85.4	73.4	63.4
Non-Traditional Exports	7	14.6	26.4	36.6

Source: People's Revolutionary Government, Report on the National Economy for 1982...., p.27.

The PRG also claimed some success on the import side of the trade equation, particularly with respect to the significance of food in the import bill. According to the government, food -- as a percentage of total imports --- declined consistently during the period 1979-1982. The respective figures were 30.6 per cent, 28.9 per cent, 28.2 per cent, and 27.5 per cent.³⁹ Although table 8:4 only contains data for two years, it provides some insight into the composition of the country's total imports.

The table shows that relatively large quantities of capital goods and raw materials (for production purposes) were imported. It also reveals that the drop in food imports as a percentage of total imports may not be as neat and consistent as reported by the PRG. Using the data in table 8:4, we get 29.7 per cent and 36.0 per cent for these two years (not 30.6 per cent and 28.9 per cent).

Table 8:4 Composition of Imports - (1980-1981)

(in EC\$ million)

	1980	1981
Food, Beverages, Tobacco	45.1	57.5
Capital Goods	20.3	25.9
Petroleum and Petroleum Products	22.7	25.1
Fertilizer	3.2	4.1
Cement	2.2	1.4
Other	53.2	32.1
Airport Related Imports	5.1	13.8
	151.8	159.9

Source: Report on the National Economy for 1981...., p 33.

In stark contrast to the patchiness of data on the external sector of the economy, the documents of the PRG contain ample data on what the government termed the 'social wage.' This is a broad-gauged term designed to capture changes in the social and material well-being of Grenadians during this period.

Starting with unemployment, the government boasts a substantial reduction from 49 per cent when they took power in 1979 to 14 per cent in April 1982.⁴⁰ The 7,040 persons identified in the 1982 Census were distributed between the 7 parishes as shown in table 8:5. As many as 72 per cent of those without jobs were females and between the ages of 16 and 25. In commenting on the finding of the Census, Coard had this to say:

'It should be noted that our figure would be even lower if we counted in the same way as they do in other countries. In many developed countries, they only count you as unemployed if you have tried to get a job within the past 12 months. We counted the people who gave up finding a job years ago! We have not done another census since April 1982, but we know that in the state sector alone, about 500 new jobs were created after that date, so that by now the unemployment rate has certainly fallen lower.'⁴¹

As evidence of some of the jobs created since the government's tenure, Coard cited the numerous projects began by the PRG, especially in construction:

Where are the youths who used to be seen in our well-known liming-spots, on walls and street-corners all over the country during working hours? They are working on the Eastern Main Road in St. David's, they are building farm roads in St. Andrew's and on The West Coast, they are putting up the new Telephone Company buildings, they are rebuilding the Carenage in St. George's. Last

Table 8:5 Distribution of Persons met in the 1982 Unemployment Census by
Status and Parish

Status	Parishes							Grenada
	1	2	3	4	5	6	7	
Unemployed	1,818	976	338	539	1,776	853	340	6,640
Part-Time Workers	90	18	2	18	30	64	7	229
Seasonal Workers	50	25	2	6	33	51	4	171
Total	1,958	1,019	342	563	1,839	958	351	7,040

Definitions: Unemployed - persons who had no job at the time of the
Census

Part-time workers - persons who worked for less than two (2)
days per week in every week throughout
the calendar year

Seasonal Workers - persons who worked for less than three
consecutive months within a period of
one calendar year

- | | |
|-------------------------|--|
| 1. denotes St. Andrew's | 5. denotes St. George's |
| 2. " St. Patrick's | 6. " St. David's |
| 3. " St. Mark's | 7. " Carriacou and
Petit Martinique |
| 4. " St. John's | |

Source: PRG, 'Preliminary Report on the Unemployment Census, April
1982', (St. George's, Grenada).

year they built the Primary Health Care Centre in St. Patrick's, schools in Bonaire, Florida and Corinth, the new farms and electricity expansion in Carriacou, and the electricity system in Petit Martinique. Some are working with the National Transport Service. Others are constructing the 50 town houses in True Blue which will be a new experiment in housing in our country. Hundreds are working at the International Airport and the new asphalt plant. Others are working at the Block factory, the Tile factory, the Sandino prefabricated Housing Plant and at the dozens of other productive enterprises set up by the PRG during the past two years.⁴²

Coard also noted that the state sector alone provided 9,350 full-time jobs. It was also claimed that considerable job opportunities were created within the private sector since:

'private business has also expanded since the Revolution, because of development in the infrastructure (roads, telephones, water, etc.) and because overall improvements in the economy have brought about better conditions for investments.'⁴³

The government's aim was to eliminate unemployment at all costs for in their view 'unemployment [is] a disease, a curse, a blight and a waste of very important and scarce resources.'⁴⁴ And as the title of Bishop's speech suggests, ultimately unemployment could only be solved by real production, not through hand-outs or unproductive activities. We will

return to this issue of unemployment later in this chapter, and we will use the volume of production within the economy as a criterion for gauging the accuracy of the statistics issued by the PRG in this regard.

Similar claims to those made in the case of unemployment were also made with respect to living standards of Grenadians. In PRG parlance the term 'Social wage' was used to reflect all the benefits (direct and indirect) which came with the Revolution. Coard defines it as follows:

'The social wage consists of those benefits which you don't pay for out of your wage packets, but which you get anyway. And when we add up the cost of these benefits and compare that to what our brothers and sisters in other islands actually pay for, out of their own pay packets, and what we used to pay for also before the Revolution, we can see how much our social wage is adding to the buying power of our own dollars.'⁴⁵

The benefits were mainly concentrated in the spheres of education, health and housing. Among those emphasised by Coard were: free secondary school education, free school books, lunch and uniforms (to children from impoverished backgrounds), the drive towards the eradication of illiteracy, free or subsidised drugs to patients,⁴⁶ the ruralization⁴⁷ of certain services (particularly in health) which were previously concentrated in the urban areas, improvement of transportation services,⁴⁸ house repair programme and the savings made by small farmers by direct sale of their produce to the MNIB.

According to the PRG, the social wage was further augmented by the reduction which took place in the level of unemployment since aggregate family income was likely to be higher during this period. That is to say, a family which had one bread-winner before 1979 was likely to have at least two after 1979.⁴⁹ This implies that the standard of living of that particular family may well have increased.

Apart from the 'social wage' it was also asserted that the 'traditional wage' had also increased in both nominal and real terms. In 1981 and 1982, money wages increased by an average of 17 1/2 per cent and 10 per cent, respectively. The relative increase for the different categories of workers (for 1981) is set out below in Table 8:6.

Table 8:6 WAGE INCREASES in 1981 (% increase in nominal wages)

Central Government
(average)

17.3

Teachers

14-24.5

Nurses

17-25.0

Civil Servants

12-17.0

Port Workers

15.0

Utilities Workers

5-20.0

PRIVATE SECTOR

Agriculture

11.5

Manufacturing

12.5-17.5

Motor Repairs

15.0

Banking

15-22.0

Commerce

7.5-32.0

Source: People's Revolutionary Government, Report on the National Economy for 1981....., p 38.

Table 8:7, although incomplete, provides useful data which can enable us to gauge the purchasing power of the money wages earned by Grenadians.

The Table suggests a decreasing 'trend' with respect to changes in the general level of prices or the rate of inflation. This fell from a rate of 23 per cent in 1980 to 10.5 per cent in 1981.⁵⁰ The inflation rate fell further to 7 per cent in 1982.⁵¹ This decline in the rate of inflation was attributed to better price and import policies on the part of the state as well as its policy of encouraging people to produce more and 'to buy local and eat local'. Taken as a whole, the reduction in prices and the nominal wage increases suggest that real wages increased in 1981 and 1982 by 7 per cent and 3 per cent, respectively. Real wages were also expected to increase by 4 per cent in 1983 (i.e. the difference between an actual 12.5 per cent increase in money wages and an expected 8.5 per cent rise in inflation.)⁵²

Table 8:7 **PRICE INCREASES (%) FOR SELECTED ITEMS (1980-1981)**

	1980 (JAN-DEC)	1981 ¹ (JAN-DEC)
Overall	23.0%	14.5%
Food	32.0	19.0
Alcohol & Tobacco	31.7	15.6
Clothing & Footwear	40.3	9.5
Housing	11.0	-2.2
Fuel and Light	36.7	6.3
Furniture & Appliances	150.2	6.1
Households Supplies	5.1	9.3
Transport	36.6	21.1
Other	32.2	31.4

SOURCE: People's Revolutionary Government, Report on the National Economy for 1981 p. 37

1. In the government's later report, Report on the National Economy for 1982...., it was noted that the figure for price increases in 1981 was overstated. The average increase was reported to be 10 1/2 per cent instead of 14.5% (Report on the National Economy For 1982 ..., p 9).

In rhapsodizing the fairly consistent improvement in real and money wages, coupled with the benefits of the social wage, a jubilant Coard thrilled:

'And we must state boldly that this steady improvement in the living standards of our people is taking place at a time when the real wages of the working people in most capitalist countries are falling and the conditions of life are getting worse for millions of them.'⁵³

What is striking about the PRG's review of the Grenadian economy under their husbandry is their failure to admit the severity of the structural weaknesses which continue to plague the economy, the enormity of the plethora of projects and programmes which they instituted, and their inability to continue to satisfy the social and material expectations of the population at large. A picture of sweetness and light is painted.⁵⁴ To improve the credibility of their claims lengthy quotations from the 'half-hearted' 1982 World Bank Report were often cited.⁵⁵

Thus an entire presentation was made on this Report by Coard in October 1982 during a Press Conference at St. George's. One of the excerpts which Coard stressed on this occasion read as follows:

'Grenada has been one of the very few countries in the Western Hemisphere that continued to

experience per capita growth during 1981'.

Coard continued:

'I will read it again --- "Grenada has been one of the very few countries in the Western Hemisphere", note it does not say only Caribbean, it does not even say Caribbean and Latin America, it says the Western Hemisphere. In other words, they include the United States, Canada, Britain, France, everybody." Grenada has been one of the very few countries in the Western Hemisphere that continued to experience per capita growth during 1981". This then, is what the World Bank report had to say'.⁵⁶

Before providing a verdict and an independent assessment on the economy, it would be helpful to present the 'outside account' as represented by the IMF and World Bank --- two institutions described by Payer (1974) as Siamese twins. As she puts it:

'The two institutions were both founded at the 1944 Bretton Woods conference, and membership in the IMF is a prerequisite to membership in the World Bank and eligibility for its loans. The headquarters of the two institutions sit side by side in Washington, joined Siamese-Twin Style by corridors at several levels. Executive Board meetings of the two are held on alternate days of the week to allow the same persons to serve on both Boards when convenient. Their annual meetings are always held jointly, and they jointly

publish a magazine, Finance and Development, which attempts to popularise their projects and philosophy. Since both institutions depend on the support of the major capitalist governments, and the World Bank in addition must keep the confidence of western capital markets in order to continue lending, they share a pro-capitalist ideology.⁵⁷

The Outside Account

Significantly, the tone and style of subsequent World Bank Reports on the Grenadian economy was more akin to the language traditionally used by the World Bank and other international organizations like the IMF. This language is characteristically formal, technical, bland, unemotional and seemingly neutral/apolitical. Statements such as 'Grenada has been one of the very few countries in the Western Hemisphere that continued to experience per capita growth during 1981'⁵⁸ are indeed rare and unprecedented.

Although there are a few notable discrepancies (particularly with respect to aggregates such as GDP and unemployment) between the 'outside' and 'inside' reports on the Grenadian economy, in the author's opinion, the main distinguishing feature is essentially one of emphasis. Whereas the PRG emphasised the diverse projects and programmes they initiated as well as their contribution towards the social and economic advancement of Grenadians, the World Bank and IMF concentrate on providing technical information on the various aspects of the economy. Both sets of information are indispensable for evaluating the health of the Grenadian economy during this period.⁵⁹ As such they need to be examined together

before hard judgments are made about the economic and social achievements of the PRG and the development prospects of the economy under their continued stewardship (assuming the regime had survived).

The Rate of Growth of GDP

Both the IMF and the world Bank reported a significantly (though not substantially) lower GDP than that recorded by the PRG.⁶⁰ The figures can be detected from Tables 8:8, 8:9 and 8:10. The IMF reported an average growth in real GDP of 2.6 per cent for the period 1979-1982.⁶¹ The figure reported by the World Bank was marginally higher at 2.95 per cent. The PRG on the other hand claimed a correspondingly higher figure of 3.4 per cent for the period. Interestingly, the IMF even had misgivings about this modest rate of growth. They thus note: 'The Statistical Office is in the process of revising statistics on national accounts and production. Its work is at the initial stage only, but preliminary indications are that previous estimates of Grenada's GDP, including those in this report, are inflated. Therefore, national accounting estimates in this report are subject to this caveat'.⁶²

However, the recently published figures by the Statistical Office fail to confirm the IMF's contention. On the contrary, it reported a real GDP of 2.1 per cent for 1981, 5.3 per cent for 1982, and 1.4 per cent for 1983.⁶³

All three reports are of one accord that the driving force behind the growth experienced during this period came from the construction sector. According to the IMF, for instance, construction surged from a fall of 2.3 per cent in 1979 to a dramatic increase of 26.2 per cent in 1982. For 1980 and 1981, the growth rates were 21.9 and 20.2 per cent, respectively.⁶⁴ Although these figures differ somewhat from those

reported by the PRG, they are generally indicative of the volume of activities in this sector during this period. However, what is more notable is the picture painted by both the IMF and the PRG of developments within the vital agricultural sector. According to the IMF, the agricultural sector grew by 6.1 per cent in 1979, fell by 5.4 per cent in 1980 and recovered somewhat in 1981 with a growth rate of 3.4 per cent.⁶⁵ These figures contrast with the PRG's 3.0 per cent growth in 1979, 1.5 per cent decline in 1980 and 5.0 per cent growth in 1981.

Table 8:8 GRENADA: SECTORAL GROWTH RATES OF REAL GDP (1979-1983)

	1979	1980	1981	1982	1983
<u>(in millions of Eastern Caribbean dollars)</u>					
Nominal GDP at market prices	206.2	232.2	269.9	297.3	312.9
Real GDP at market prices	228.2	232.2	236.7	247.9	243.9
	(1980=100)				
GDP deflator	90.4	100.0	114.0	119.9	128.3
	(Annual Percentage Change)				
GDP deflator	18.7	10.6	14.0	5.2	7.0
Nominal GDP at market prices	26.4	12.6	16.2	10.2	5.2
<u>Real GDP at market prices</u>	2.1	1.8	1.9	4.7	-1.6
of which:					
Agriculture	(6.1)	(-5.4)	(3.4)	(-5.3)	(11.5)
Manufacturing	(-5.6)	(6.7)	(5.2)	(12.9)	(-13.2)
Construction	(-2.3)	(21.9)	(20.2)	(26.2)	(-14.4)
Hotels and Restaurants	(-13.1)	(-8.3)	(-14.5)	(-7.4)	(1.1)
Government Services	(-0.4)	(1.4)	(1.1)	(-0.8)	(--)

Source: International Monetary Fund, 1984, p 2.

Table 8:9 Grenada: Trends in Production, Absorption,
and the Resource Gap (1979-1983)

(In millions of Eastern Caribbean dollars)

	1979	1980	1981	1982	1983
<u>Gross domestic expenditure</u>	<u>242.4</u>	<u>295.1</u>	<u>362.0</u>	<u>417.5</u>	<u>419.9</u>
Consumption	199.7	239.2	266.0	296.1	311.5
Public	(43.3)	(46.8)	(50.8)	(51.4)	(55.0)
Private	(156.4)	(192.4)	(215.2)	(244.7)	(256.5)
Investment	42.7	55.9	96.0	121.4	108.4
Public	(25.7)	(37.1)	(76.6)	(95.7)	(84.4)
Private	(17.0)	(18.8)	(19.4)	(25.7)	(24.0)
<u>GDP at market prices</u>	<u>206.2</u>	<u>232.2</u>	<u>269.9</u>	<u>297.3</u>	<u>312.9</u>
<u>Resource gap</u>	<u>36.2</u>	<u>62.9</u>	<u>92.1</u>	<u>120.2</u>	<u>107.0</u>

(Annual percentage change)

<u>Gross domestic expenditure</u>	<u>24.0</u>	<u>21.7</u>	<u>22.7</u>	<u>15.3</u>	<u>0.6</u>
Consumption	16.0	19.8	11.2	11.3	5.2
Public	(10.2)	(8.1)	(8.5)	(1.2)	(7.0)
Private	(18.1)	(23.0)	(11.9)	(13.7)	(4.8)
Investment	122.2	30.9	71.7	26.5	-10.7
Public	(414.0)	(44.4)	(106.5)	(24.9)	(-11.8)
Private	(-33.0)	(10.6)	(3.2)	(32.5)	(-6.6)
<u>GDP at market price</u>	<u>17.6</u>	<u>12.6</u>	<u>16.2</u>	<u>10.2</u>	<u>5.2</u>

(In percent of GDP)

<u>Gross domestic expenditure</u>	<u>117.6</u>	<u>127.1</u>	<u>134.1</u>	<u>140.4</u>	<u>134.2</u>
Consumption	96.8	103.0	98.5	99.6	99.6
Public	(21.0)	(20.1)	(18.8)	(17.3)	(17.6)
Private	(75.8)	(82.9)	(79.7)	(82.3)	(82.0)
Investment	20.7	24.1	35.6	40.8	34.6
Public	(12.5)	(16.0)	(28.4)	(32.2)	(27.0)
Private	(8.2)	(8.1)	(7.2)	(8.6)	(7.6)
<u>Resource gap</u>	<u>17.6</u>	<u>27.1</u>	<u>34.1</u>	<u>40.4</u>	<u>34.2</u>

Source: International Monetary Fund, 1984, p 3.

Table 8:10 GRENADA - NOMINAL AND REAL GROSS DOMESTIC
PRODUCT (1975-1982)

(EC\$ millions)

	1975	1976	1977	1978	1979	1980	1981	1982
Nominal GDP at market prices	N/A	115.9	134.1	172.3	202.6	232.2	258.8	290.5
Nominal GDP at factor cost	84.6	96.8	110.9	141.2	165.5	195.1	221.1	245.4
Real GDP at ¹ factor cost (at 1980 prices)	159.6	165.2	172.0	185.5	189.4	195.1	201.7	208.3
GDP deflator (1980 = 100)	53.0	58.6	64.1	76.1	87.4	100.0	109.6	117.8
Per Capita real GDP at factor cost	1,477	1,515	1,573	1,686	1,722	1,774	1,834	1,877

Source: World, Bank, 'Economic Memorandum on Grenada, Vol 1', 1984, p.11.

1. The real growth in GDP in percentage terms can easily be computed from this row. For the period 1979 to 1982, these are 2.1, 3.0, 3.4 and 3.3, respectively. For comparative purposes, the pre-revolutionary trend is also worth computing. These are 3.5%, 4.2% and 7.8% for 1976 to 1978, respectively.

The IMF and World Bank were also quick to underline the 'diminutive' rate of growth achieved during this period compared to the immediate pre-revolutionary period, i.e. 1975-1978. The figures presented by the World Bank, for instance, can be gleaned from Table 8:10. Thus for 1976 real GDP stood at 3.5 per cent, reached 4.2 per cent in 1977 and peaked to 7.8 per cent in 1978. This yields an average growth rate of over 5 per cent

for 1976 to 1978.⁶⁶ Although these figures are suggestive of a significant decline in the rate of growth of the Grenadian economy under the PRG administration, we hasten to reaffirm that GDP figures can be notoriously misleading. It is not so much the percentage rate of growth which is important. Rather, it is the overall volume and (real) value of the output which is produced from year to year. Using the World Bank's own figures, for instance, we may note that nominal GDP at factor cost in 1982 was nearly three times larger than what it was in 1976. When adjusted for price changes, the real value of that output (in 1980 prices) was EC\$165.2 million in 1976 compared to EC\$208.3 million in 1982. Table 8:10 shows that both real GDP and per capita real GDP increased steadily under the PRG, notwithstanding the comparatively higher rate of growth in percentage terms for the immediate pre-1979 period.

Another pertinent caveat is the relatively favourable international market environment which Grenadian exports experienced before 1979. Unlike the PRG era, this was a period of rising prices for traditional crops and relative economic buoyancy in the economies of Grenada's main trading partners. As fortune would have it, weather conditions were also more hospitable during the pre-1979 period. So was the tourism industry as well, at least when measured in terms of tourist inflows into the island.

Balance of Payments Developments

Tables 8:11 and 8:12 depict the main developments on the country's balance of payments situation for this period. In fact table 8:12 also provides information on the period from 1975 to 1978, to facilitate comparison with the later period.⁶⁷ The table by the IMF indicates a progressive deterioration of the current account balance during the era of the PRG. That is, from US\$5.2 million in 1979 to US\$33.7 million in 1982. Although

airport-related imports were significant, they constituted a relatively small part of total expenditure on imports.⁶⁸ This suggests that the traditional structure of Grenada's import bill was not radically altered during the period 1979-1983. The IMF did concede, however, that the PRG had initiated a significant degree of overseas market diversification on the scale claimed by the PRG.⁶⁹ Had it not been for that change in the mix of exports, export earnings would have fallen even more disastrously.⁷⁰ As revealed by the IMF data, these fell from US\$21.4 in 1979 to US\$18.6 million in 1982. Thus although GDP may have experienced positive growth during this period, export earnings either stagnated or grew backwards.

Interestingly, table 8:11 also contains information on the outflow of funds for the payment of Cuban labour. For the period these amounted to US\$17.2m--- not an exorbitant sum compared to the phenomenal contribution of the Cuban Government to the development efforts of the PRG. The table also calls attention to the importance of services and remittances in the Grenadian economy. The off-shore U.S. medical school (established in the island in 1977) consistently brought in approximately US\$4 million every year of the Revolution --- amounting to a well-needed US\$19.5 million for the period 1979 to 1983.⁷¹ Current transfers (of which a substantial part would represent private remittances from Grenadians working and living abroad) brought in an even more impressive US\$49.8 million during this period.

Table 8:11 Grenada: Summary of Balance of Payments (1979-1983)

	1979	1980	1981	1982	1983
<u>(In millions of U.S. dollars)</u>					
Current Account	<u>-5.2</u>	<u>-13.3</u>	<u>-23.4</u>	<u>-33.7</u>	<u>-29.0</u>
Merchandise trade	-25.9	-36.9	-41.7	-46.5	-45.7
Exports	(21.4)	(17.4)	(19.0)	(18.6)	(18.9)
Imports	(-47.3)	(-54.1)	(-60.7)	(-65.1)	(-64.6)
Of which: airport	/-3.6/	/-3.9/	/-6.4/	/-8.6/	/-8.5/
Interest on public debt	-0.4	-0.5	-0.6	-0.9	-1.2
Other factor income	0.0	0.0	0.0	0.7	1.0
Travel (net)	13.0	14.0	11.2	10.9	11.6
Medical School	3.7	3.8	3.8	4.2	4.0
Cuban Labour	--	-2.6	-5.2	-5.1	-4.3
Other nonfactor services	-4.2	-2.2	-2.2	-8.0	-5.2
Current Transfers	8.0	9.6	10.4	11.0	10.8
Capital Account	<u>5.7</u>	<u>13.7</u>	<u>17.8</u>	<u>36.6</u>	<u>24.8</u>
Official grants	6.9	12.7	12.9	16.7	12.8
Public borrowings	1.9	1.3	7.5	9.5	14.7
Commercial banks	-1.1	1.1	-0.9	9.5	-2.2
Other	-2.0	-1.4	-1.7	0.9	-0.5
Errors and Omissions	<u>-2.1</u>	<u>-0.8</u>	<u>-2.4</u>	<u>-2.6</u>	<u>1.9</u>
SDR allocation	<u>0.8</u>	<u>0.5</u>	<u>0.4</u>	<u>---</u>	<u>---</u>
Overall Balance	<u>-0.8</u>	<u>0.1</u>	<u>-7.6</u>	<u>0.3</u>	<u>-2.3</u>
Financing	<u>0.8</u>	<u>-0.1</u>	<u>7.6</u>	<u>-0.3</u>	<u>2.3</u>
IMF	0.5	---	5.8	-0.9	1.2
ECCB	0.4	0.3	0.8	0.8	-0.5
Other	-0.1	-0.4	1.0	-0.2	-0.1
Arrears	----	----	----	----	1.7
Memorandum time					
GDP at market prices	76.4	86.0	100.0	110.1	115.9
<u>In per cent of GDP</u>					
Trade balance	-33.9	-42.9	-41.7	-42.2	-39.4
Current balance	-6.8	-15.5	-23.4	-30.6	-25.0
Overall balance	-1.0	0.1	-7.6	0.3	-2.0

Source: International Monetary Fund, 1984, p. 25.

1. The currency measurement seems to be a printing error, i.e. U.S. dollars instead of E.C. dollars. This becomes clear when we compare this data with the data in the IMF (1983) Report. Although the World Bank cites the IMF as their source of information, there are still discrepancies in the data.

Source: World Bank, 'Economic Memorandum on Grenada - Vol 1,' (January 1984), p.23.

But as important as remittances and other services were, they were not sufficient to offset the huge current account deficit. As noted earlier by the PRG, grants and public borrowings thus took on added importance. With respect to the former a total of US\$62 million poured into Grenada during the period 1979-1983.⁷² This figure was more than three times the value of the country's total export proceeds (i.e. merchandise exports) for 1982. This substantial inflow was largely a consequence of the PRG's pragmatic foreign policies.⁷³ According to the IMF, Cuba provided US\$37 million of this sum. Other important donors were the European Development Fund (US\$2.7 million), Iraq (US\$7.2 million), the German Democratic Republic [GDR] (US\$1.5 million), the Soviet Union (US\$2.6 million), Algeria (US\$2.3 million), and Syria (US\$2.1 million).⁷⁴ Table 8:12, compiled by the World Bank, indicates just how unprecedented the amount of grants raised by the PRG was compared to the immediate pre-revolutionary period. For the period 1975 to 1978 only a paltry US\$2.3 million was raised by Gairy. This was largely due to factors already discussed in chapter 2 above.

As the demand for funds soared and sources of grants began to evaporate public borrowings began to leap upwards. As seen from Table 8:11, these moved from US\$1.9 million in 1979 to US\$9.5 million in 1982 and finally to US\$14.7 million in 1983 - although, presumably, not all of this US\$14.7

million was attributable to the PRG.⁷⁵ Significantly, no private capital inflows entered the Grenadian economy during this period. This is noteworthy although, as Table 8:12 reveals, the situation was not drastically different before 1979. The failure of the Grenadian economy to attract private investment on a substantial scale in the 1970s was doubtless a consequence of Gairyism.

The Reports of the IMF and World Bank also provide penetrating insights into the structure of loans contracted during this period. If we compare loans from the GDR and the Soviet Union (loosely speaking, the Socialist bloc) with those from Western sources, an interesting picture emerges with respect to the terms and conditions offered by both sets of countries. Table 8:13 helps us to gain this insight. As revealed by the Table, loans from the CDB were typically granted for a period of 20 years.⁷⁶ The grace period was typically 5 years and the rate of interest 4 per cent. On the other hand, whereas loans from the GDR and USSR were contracted at a slightly lower rate of interest (i.e. 3.5 per cent), both the duration of the loan and the grace period were significantly lower. In the case of the GDR, the grace period was only 1 year. Their \$US6,000 was expected to be repaid within 9 1/2 years. For the U.S.S.R, the grace period was 3 years while repayment was arranged for a period of 13 years. This observation is significant, especially when juxtaposed with the unfavourable terms on which the GDR (and to a lesser extent the USSR) bought Grenada's bananas and nutmegs during a period when Grenada's agriculture was in acute crisis.⁷⁷

TABLE 8:13 GRENADA: Structure of External Debt.

		Amount Authorised (in thousands)	Date of Agreement	Beginning of Disbursement	Term (years)	Grace Period (years)	Annual Interest Rate (in per cent)	Purpose
<u>Bonded debt</u>								
Airport bonds ²		EC\$30,000	...	1979	20	...	7-1/2	Construction of Airport
Treasury bills ³		EC\$1,501	-	1976	...	...	8-1/2	...
<u>Loans</u>								
Caribbean Development Bank								
Feeder roads I	Original	£344	Nov. 1973	1975	20	5	4	Road construction
	Additional	£261	Aug. 1975	1973	20	5	4	"
	Counterpart	TT\$535	Aug. 1975	1975	20	5	4	"
Feeder roads II		EC\$5,870	Dec. 1980	1982	25	5	4	"
Water Supply	Original	Can\$777	Dec. 1973	1974	20	5	4	Construction of water system
	Counterpart	TT\$74	June 1976	1976	12	5	4	"
Water supplies		US\$1,560	Nov. 1981	--	21.5	4	4	
Urban working class housing	Original	US\$753	1975	1975	20	5	4	Housing
	Additional	US\$223	1975	1975	20	5	4	"
	Counterpart	TT\$60	1975	1975	20	5	4	"
Sheep project		US\$107	1981	1981	20	5	4	Sheep rearing
Emergency fund		EC\$1,000	1976	1976	20	5	6	To pay for common regional services
Port Development I		US\$933	Sept. 1981	1982	20	3	8	Port development
Port Development II		US\$600	Sept. 1981	1982	20	5	4	"
IFAD		EC\$4,590	1982	1983	20	5	4	Artisanal fisheries
OPEC								
#47		US\$350	May 1977	1977	20	5	-	Balance of payments support

contd.

510

#99	US\$1,000	Oct. 1978	1978	15	5	4	"
#184	US\$1,000	May 1980	1980	10	3	4	"
#235	US\$2,000	July 1981	1981	10	3	1	"
#288	US\$2,000	May 1982	1982	10	3	2	"
Other	US\$1,000	May 1983	1983	6	3	3	"
Government of Libya	US\$4,000	May 1980	1981	8	3	-	"
Government of Libya	US\$2,000	...	1982	...	...	-	"
Canada (CIDA)	Can\$850	1975	1975	20	10	-	Cocoa fertilizer loans
U.K. Hurricane loan	£1,500	1955	1960	25	5	3.5	Hurricane re-habilitation
U.K. Development loan ³	£1,250	...	1977	20	...	-	Development work
German Democratic Republic	US\$6,000	1982	1982	9.5	1	3.5	Telephone equipment
Algeria	US\$700	1982	..	10	3	6.0	...
USSR	R5,500	1983	1983	13	3	3.5	Line of credit for miscellaneous projects
Bulgaria	EC\$6,050	1982	1984	10	2	3.5	Line of credit
Bank of Brazil and Embraer	US\$1,269	1981	1981	8	1	7.5	Aircraft purchase
Venezuela Investment Fund	EC\$4,040	1981	1983	20	5	2	Fisheries
Bank of Nova Scotia (Plessey)	£750	1982	1982	7	1.5	LIBOR+2	For airport
Plessey (ECCD) I	£5,500	1982	1983	11	2	7.75	"
Plessey (ECCD) II	£1,150	June 1983	1983	11	2	7.75	"
Eurodollar loan	£650	June 1983	1983	...	...	...	"
Metex Corporation ⁴	FinM10,500	1982	1983	8	3	8	"
Capital bank	US\$460	1982	1982	5	-	17.5	Purchase of embassy building
<u>Government guaranteed (CDB:</u>							
Banana rehabilitation	US\$209	March 1975	1975	13	3	4	Banana rehabilitation
Cocoa pest control	US\$13	Sept. 1975	1977	10	-	4	Pest control
Cocoa fermentary	US\$137	March 1975	1977	16	1	4	Cocoa fermenting
Cocoa fermentary	US\$939	Nov. 1981	-	18	3	4	"
CDB (Student I)	US\$74	Sept. 1974	1974	16	6	4	Education
CDB (Student II)	US\$124	Sept. 1978	1978	15	5	4	Education

contd.

CDB (Small Industry)	US\$148	Sept. 1974	1974	20	5	4	Small Industry credit
CDB (IFC I)	US\$184	1971	1972	20	5	4	Agricultural and Industrial credit
CDB (IFC II)	US\$916	July 1978	1977	20	5	-	"
CDB (IFC III)	US\$370	April 1981	1983	25	5	-	"

Sources: Ministry of Planning, Finance and Trade: and Caribbean Development Bank.

- 1 Excludes debt to the IMF and the East Caribbean Currency Authority.
- 2 Virtually all of these bonds remain unsold except those purchased locally.
- 3 These are not serviced and the Government expects these to be converted to grants.
- 4 Repayments begin when the new airport becomes operational.

Cited in World Bank Report, 'Economic Memorandum on Grenada, Vol. 1', 1984.

As revealed by Table 8:14 Grenada's external public debts had reached phenomenal proportions by 1983. These escalated from US \$14.07 million in 1979 to US \$33.7 million in 1982 and further to US \$48.4 million in 1983 -- a more than three fold increase for 1979-1983. The potential severity of these become starkly evident when related to the value of Grenada's merchandise exports for this period. In 1979 these were only US \$21.4 million and fluctuated narrowly between US \$17.4 million and US \$19.0 million for the rest of the period. In other words, external debts had more than doubled the value of Grenada's principal (merchandise) exports by 1983.⁷⁸ Indeed, commercial loans which were virtually insignificant in 1980 amounted to some 30 per cent of total debt in 1983.⁷⁹

Although the PRG did not see any cause for alarm with respect to the country's growing indebtedness, the World Bank and the IMF certainly did. Table 8:14 indicates that the debt service ratio increased from a low of 4 per cent of GDP in 1979 to a high of 6 1/2 per cent (of GDP) by 1983. It must also be emphasised that the debt burden was expected to surge after 1983 since most of the non-concessionary loans were not scheduled to be serviced until 1985. In 1985 it was expected to reach 24 per cent of GDP.⁸⁰ Besides, 'soft' loans were proving increasingly difficult to raise, making resort to non-concessionary loans more imperative.

And given the increasing and persistent deficit which plagued the public sector account during the period under review, one could only expect the debt burden to become more onerous. The basis for this conjecture is contained in table 8:15. This table features an overall deficit (after grants) climbing from EC \$5 million in 1980 to EC \$41.3 million in 1981, EC \$55.8 million in 1982, and EC \$55.9 million in 1983. Had it not been for a spate of much-resented tax legislations (especially by the private sector) introduced in 1982 the public sector deficit would have been even

Table 8:14 GRENADA: SUMMARY OF EXTERNAL PUBLIC DEBT OPERATIONS¹
(1979-1983)

	1979	1980	1981	1982	1983
	<u>(In Thousands of U.S. dollars)</u>				
<u>Total Outstanding debt at end of period</u>	<u>14,072</u>	<u>14,381</u>	<u>26,242</u>	<u>33,744</u>	<u>48,352</u>
Outstanding debt due to IMF (end of period)	3,789	2,824	8,264	6,924	7,667
Purchases	(1,624)	(666)	(5,907)	(---)	(1,203)
Repurchases (-)	(-1,195)	(-680)	(-146)	(-908)	(-84)
Valuation adjustment	(46)	(-951)	(-321)	(-432)	(-376)
Outstanding debt excluding IMF (end of period)	10,283	11,557	17,978	26,820	40,685
Drawings	(2,113)	(1,758)	(8,139)	(10,124)	(15,235)
Amortisation (-)	(-256)	(-476)	(-686)	(-597)	(-570)
Valuation Adjustment	(308)	(-8)	(-1,032)	(-685)	(-800)
<u>Debt Service Payments</u>	<u>1,846</u>	<u>1,627</u>	<u>1,467</u>	<u>2,409</u>	<u>1,865</u>
Amortisation	1,451	1,156	832	1,505	654
IMF	(1,195)	(680)	(146)	(908)	(84)
Other	(256)	(476)	(686)	(597)	(570)
Interest	(395)	(471)	(635)	(904)	1,211
IMF	(96)	(111)	(250)	(485)	(431)
Other	(299)	(360)	(385)	(419)	(780)
<u>Overdue Obligations</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>775</u>
Amortisation	-	-	-	-	550
Interest	-	-	-	-	225

(In Percent)

Total Debt outstanding/GDP	18.4	16.7	26.2	30.6	41.7
Debt outstanding/GDP ²	13.5	13.4	18.0	24.4	35.1
Debt Drawings/GDP	3.0	1.5	13.2	7.8	13.7
Debt service obligations/receipts of goods and services	4.3	4.0	3.6	6.1	6.5

Source: International Monetary Fund, 1984, p29

¹ Includes IMF and government-guaranteed debt, but excludes ECCB debt.

² Excluding IMF.

Table 8:15 Grenada: Summary Operations of the Central Government (1979-1983)

(in millions of Eastern Caribbean Dollars).

	1979	1980	1981	1982	Preliminary 1983
<u>Current revenue</u>	<u>55.1</u>	<u>57.7</u>	<u>63.0</u>	<u>74.4</u>	<u>81.3</u>
Tax revenue	49.2	51.6	54.3	65.8	70.4
Non-tax revenue	5.9	6.1	8.7	8.6	10.9
<u>Current Expenditure</u>	<u>53.9</u>	<u>59.6</u>	<u>64.4</u>	<u>71.6</u>	<u>79.6</u>
<u>Current Balance</u>	<u>1.2</u>	<u>-1.9</u>	<u>-1.4</u>	<u>2.8</u>	<u>1.7</u>
<u>Capital Expenditure</u>	<u>26.5</u>	<u>37.5</u>	<u>74.8</u>	<u>103.6</u>	<u>92.2</u>
<u>Overall Deficit</u>	<u>-25.3</u>	<u>-39.4</u>	<u>-76.2</u>	<u>-100.8</u>	<u>-90.5</u>
<u>External Grants</u>	<u>18.6</u>	<u>34.4</u>	<u>34.9</u>	<u>45.0</u>	<u>34.6</u>
<u>Overall Deficit after grants</u>	<u>-6.7</u>	<u>-5.0</u>	<u>-41.3</u>	<u>-55.8</u>	<u>-55.9</u>
<u>Financing</u>	<u>6.7</u>	<u>5.0</u>	<u>41.3</u>	<u>55.8</u>	<u>55.9</u>
Net External Borrowing	9.1	4.4	41.5	24.2	38.8
Concessionary Loans	(5.0)	(3.5)	(19.9)	(18.6)	(10.9)
Non-Concessionary Loans	(---)	(---)	(---)	(6.3)	(27.7)
IMF Purchases (net)	(1.2)	(---)	(15.6)	(-2.4)	(3.2)
Other External Borrowing	(1.9)	(0.9)	(6.0)	(1.7)	(-1.5)
Net Domestic borrowing	-2.4	0.6	-0.3	31.6	5.4
Commercial Banks	(-2.8)	(-4.6)	(1.2)	(29.0)	(...)
Other domestic Borrowing	(1.4)	(5.2)	(-1.5)	(2.6)	(...)
Build-up of Arrears	-	-	-	-	11.7

(In per cent of GDP)

<u>Current Revenue</u>	<u>26.7</u>	<u>24.8</u>	<u>23.3</u>	<u>25.0</u>	<u>26.0</u>
of which: Tax Revenue	23.9	22.2	20.2	22.1	22.5
<u>Current Expenditure</u>	<u>26.1</u>	<u>25.7</u>	<u>23.9</u>	<u>24.1</u>	<u>25.4</u>
<u>Current Balance</u>	<u>0.6</u>	<u>-0.9</u>	<u>-0.6</u>	<u>0.9</u>	<u>0.6</u>
<u>Capital Expenditure</u>	<u>12.8</u>	<u>16.1</u>	<u>27.7</u>	<u>34.8</u>	<u>29.5</u>
<u>Overall Deficit</u>	<u>-12.2</u>	<u>-17.0</u>	<u>-28.3</u>	<u>-33.9</u>	<u>-28.9</u>
<u>External Grants</u>	<u>9.0</u>	<u>14.8</u>	<u>13.0</u>	<u>15.1</u>	<u>11.1</u>
<u>Overall deficit after grants</u>	<u>-3.2</u>	<u>-2.2</u>	<u>-15.3</u>	<u>-18.8</u>	<u>-17.8</u>
<u>Financing</u>	<u>3.2</u>	<u>2.2</u>	<u>15.3</u>	<u>18.8</u>	<u>17.8</u>
Net External Borrowing	4.4	1.9	15.4	8.2	12.4
Net Domestic Borrowing	-1.2	0.3	-0.1	10.6	1.7
Build-up of Arrears	-	-	-	-	3.7

1. Includes Capital Receipts.

Source: International Monetary Fund, 1984, p.11

more severe. As table 8:15 also shows tax revenue peaked to EC \$74.4 million in that year. Short of continued capital inflows from overseas on a very substantial scale (which, of course, was no longer occurring), a greater profitability of public sector enterprises (which was still lacking), a strong recovery of traditional agriculture and tourism as well as an increase of revenue from domestic sources on a more popular basis -- only a severe curtailment of public sector expenditure could ameliorate the alarming disequilibrium on the public sector account. In fairness to the PRG, they had managed to control current expenditure very well as revealed in table 8:15. Between 1979 and 1982 current expenditure increased marginally as follows: EC \$53.9 million in 1979, EC \$59.6 million in 1980, EC \$64.4 million in 1981 and EC \$ 71.6 in 1982. But the situation was totally different in the case of capital expenditure --- which, again, was absolutely consistent with the development strategy of the government. These escalated from EC \$26.5 million in 1979 to EC \$37.5 million in 1980, then to EC \$74.8 million in 1981 and an all-time high of EC \$103.6 million in 1982.⁸¹

Inflation and Unemployment Developments

Both the IMF and the World Bank admit a significant measure of success on these two fronts. However, serious reservations are harboured about the degree of success claimed by the PRG with respect to the issue of unemployment.

The rate of change of the general price level is presented in Table 8:16. These fell consistently (one is almost tempted to say plummeted) from 21.2 per cent in 1980 to 18.8 per cent in 1981, 7.8 per cent in 1982 and finally to 6.1 per cent in 1983. This accords with the trend depicted by the PRG, though the figures used by both sources are different ---

especially in the case of 1981.⁸² Table 8:16 also confirms the PRG's report on nominal wage increases for workers in both the private and public sectors. Again, the trend is indicative of an improvement in real wages --- though not as strong as claimed by the PRG. There is also some evidence from the World Bank Report to suggest that there was some truth in the PRG's claim that the social wage was substantial. The preliminary 1982 World Bank Report thus cautions:

'The rate at which new social benefits such as those in education and health are introduced requires the attention of the government, as does the number of new public sector initiatives in areas which can be left to the private sector'.⁸³

As for the containment of inflation under the PRG, the World Bank and IMF attributed this important achievement to the government's price control policies, the suppression in the rise of oil prices, increases in the supply of domestic produce, and the appreciation of the Eastern Caribbean dollar vis-a-vis foreign currencies.⁸⁴

Table 8:16 Grenada: Trends in Selected Price and Wage Indices (1980-1983)

(Annual percentage change).

	1980	1981	1982	1983
Consumer price index	21.2	18.8	7.8	6.1
of which:				
food	(19.0)	(21.6)	(5.2)	(5.7)
housing	(9.5)	(3.6)	(10.9)	(16.6)
fuel	(37.0)	(9.3)	(0.5)	(-2.4)
transport	(37.0)	(12.7)	(10.6)	(7.5)
Import Prices	22.7	3.4	-1.4	-3.5
Private Sector Wages ¹	20.0	16.5	12.5	10.0
Central government wages	----	17.3	10.0	12.5
GDP deflator	10.6	14.0	5.2	7.0

¹ Based on median wage increases according to wage contracts available at the Labour Department.

Source: International Monetary Fund, 'Grenada: Recent Economic Developments', 1984, p.7

However, there is less consensus on the thorny question of unemployment. To begin with neither the World Bank nor the IMF would categorically accept the PRG's assertion that the unemployment rate was 49 per cent at the time when they took power in 1979. As the World Bank put it:

'The available data on the Grenadian labour force is inadequate for analysing trends in employment and unemployment over the period 1975 through 1982.'⁸⁵

Indeed, doubt exists about the size of the population, let alone the size of the labour force. According to a population census carried out in 1981 the population at the end of that year stood at 88,175. Other pertinent demographic information is also set out in Table 8.17. An earlier official estimate (based on birth and death records and immigration data) put the figure at 107,000 for this year. In 1980 the total population was estimated at 111,450,⁸⁶ of which the labour force comprised 37,930. According to a sample survey carried out by the University of the West Indies in October 1980, the unemployment rate was just over 27 per cent of the labour force.⁸⁷ For 1981 the IMF cite a figure of 27 per cent.⁸⁸ In April of this same year, it is also noteworthy that Coard told delegates at the Aid Donors Conference in Brussels that unemployment in Grenada stood at 35 per cent.⁸⁹ What we can say at this point, therefore, is that the unemployment rate was somewhere between 27 and 35 per cent, at least until April of 1981. Could it have fallen so drastically to 14 per cent, as claimed by the PRG, in April 1982? The World Bank's answer is simple and straightforward: 'one is unable to verify whether this was so, since the last unemployment survey report available was published in October 1980'.⁹⁰ Similarly, the IMF's position is: 'no comprehensive labour survey has been undertaken to back this estimate'.⁹¹

Table 8:17 Grenada - Population Trends (1970, 1981-1984)

	1970	1981	1982	1983	1984
Population (end of year)	96,542	88,175	90,908	92,322	96,029
Crude Birth Rate (per 1,000)	29.0	27.2	29.6	31.6	30.6
Crude Death Rate (per 1,000)	7.9	8.2	8.2	8.7	7.9
Rate of Natural Increase	21.1	17.5	21.5	22.9	22.7
Births	2,741	2,422	2,614	2,872	2,823
Deaths	743	732	721	794	729
Natural Increase	1,998	1,690	1,893	2,078	2,094
Net Migration	(-)2,029	(-)3,515	840	(-)664	1,613
Net Population Increase	(-)31	(-)1,825	2,733	1,414	3,707
Infant Deaths	88	36	35	61	30
Infant Mortality rate	32.1	14.9	13.4	21.2	10.6

Source: 1981 Population Census and Statistical Office

Yet, within PRG circles, it has been claimed that the unemployment rate continued to fall during the rest of the PRG'S tenure.⁹² And this was despite the cash-flow crisis which severely disrupted production. The issue over unemployment and the state of the economy is considered further in the next sub-section.

A Verdict and An Assessment

Ideally the best way to resolve the controversy on the economy is to gather the statistics from scratch and recompute the appropriate figures for the contentious areas --- notably economic growth (as measured by real GDP) and unemployment. But since this feat is beyond the scope of this research project, the most that we can do is to qualify some of the claims and arguments made in the several reports, especially when it is clear that statistics are abused or ideology is allowed to take precedence over

facts.

Starting with the unemployment problem, we have already determined that it was likely to be between 27 per cent (based on the survey carried out by the University of the West Indies in October 1980) and 35 per cent (based on the figure Coard quoted at the Aid Donors Conference in Brussels in April 1981) for much of 1981. Yet it was claimed in April of 1982 that the rate had fallen to 14 per cent. Can we take this claim by the PRG seriously?

In the researcher's judgment, this is an exaggerated claim. Many jobs were obviously created during this period, if only because of the phenomenal level of capital expenditure undertaken by the public sector. But since expenditure was concentrated on the construction sector, it follows that most of the jobs created under the PRG were of a highly seasonal nature. Thus returning to Coard's earlier remark one wonders whether the workers who built the schools in Bonaire, Florida and Corinth, feeder roads, buildings, etc. were able to find jobs once these projects were completed or interrupted on account of severe cash-flow problems. If alternative or continued employment could not be procured then it would be misleading to conclude that the unemployment problem was drastically reduced.

The question of cash-flow problem deserves emphasis at this point. As already noted the multitude of projects initiated by the PRG, coupled with managerial weaknesses of many state enterprises and a host of other indigenous and exogenous factors, meant that it was impossible for the PRG to sustain all its projects financially. The airport was the only project that was regularly sustained, given its highly symbolic nature and the PRG's determination to complete it in time for the fifth anniversary of

the Revolution in March, 1984. So severe was the liquidity problem that dues and subscriptions to regional and international organisations such as the UWI, OECS, UNESCO, PAHO, etc. went unpaid⁹³ --- a situation reminiscent of the Gairy era. The state of public finances during this period thus provides some indirect insights into the unemployment situation. The growth pattern of private consumption expenditure for this period is also useful in this regard. This was as follows: EC \$156.4 million in 1979, EC \$192.4 million in 1980, EC \$215.2 million in 1981, EC \$244.7 million in 1982 and EC \$256.5 million in 1983.⁹⁴ It is reasonable to expect statistics for private consumption to directly reflect changes in the employment situation. The slow growth in these figures thus suggest that a permanent dent was not yet made into the unemployment situation.

The data provided by the 1981 population census is also illuminating. The census put the size of the population at 88,175 in 1981 and forecasted it to increase to 90,908 in 1982. It also recorded a net outflow of citizens to the tune of 3,515 for 1981. This migration haemorrhage, by definition, meant an improvement in the unemployment situation --- although, surely, this cannot be an effective and desirable way of ameliorating unemployment, especially when large numbers of the migrants emanate from the professional and intellectual strata.⁹⁵ As a result of this 'brain drain' Grenada experienced a situation of acute labour shortage in the case of those jobs which required skilled personnel. Technocrats, newly-graduated students (especially from the U.W.I.), and others with needed skills thus poured into Grenada during this period --- many motivated by ideology and the prospects of amassing large sums of money.⁹⁶ In an effort to increase the supply of skilled labour a programme was funded by the UNDP in 1979 to attract highly qualified and experienced expatriate Grenadians back to the island. It was hoped that

they would be lured by the substantial remuneration and fringe benefits which were on offer.⁹⁷

Before leaving the unemployment issue, the question of productive and unproductive employment must also be raised. It is well-known that large numbers of young people were recruited in the Peoples' Revolutionary Army, the Militia and other NJM mass organisations. Although they were doubtless performing an invaluable service for the party, counting such persons as 'employed' did nothing more than create a distorted picture of the employment situation. This becomes patently clear after the October upheaval when some 3,000 soldiers and hundreds of full-time militia members were returned to civilian and 'non-political' life to boost the ranks of the unemployed.⁹⁸

Although job opportunities increased in the public sector between 1979 and 1983, it should also be borne in mind that (contrary to what the PRG claimed) this situation did not hold true for the private sector as a whole. The reasons for this have already been explored, particularly in chapter 7. Suffice also to remember that the crisis in tourism and agriculture as well as the low morale and loss of business confidence among the private sector were at the heart of the sluggish performance on the part of private capital. The 'working class labour laws' and militancy of the trade unions during this period, also, operated as a constraint on expanded employment in the private sector.

However grim the unemployment situation was, the PRG was largely correct when they affirmed that they had succeeded in improving the living standards of Grenadians. ^{It was} Thanks to their initiatives (and external assistance received) in the critical areas of health, education and housing --- areas which were in an appalling state before 1979. The

government could now boast that Grenadians had access to many services which were non-existent in other OECS states. For example, it was the only country in the OECS with a neurologist and a house - repair programme. But an important qualification need to be introduced here. The improvement in the 'social wage' was not as steady and consistent as Coard's remark would have us believe. Besides, Grenadians attached considerably less importance to a social wage than what they attached to a traditional wage or money in their pocket. Although they welcome the benefits which constituted the social wage, it was felt that this was a natural part of the responsibilities of the state any way. Many were still disillusioned since it was clear to them that the social wage had virtually frozen since early 1981. The growing difficulties of mobilising external aid meant that benefits could not be delivered at the rate they were dispensed in the first two-and-a-half-years of the revolution. The people could not understand this slow-down since PRG activists had constantly reminded them that the revolution came to ameliorate their working and living conditions. Their earlier gains only served to whet their appetite --- an appetite which swelled with the governments' propaganda and which became increasingly difficult to satisfy.

A survey⁹⁹ carried out by a team of researchers from the University of the West Indies (Cave Hill, Barbados campus) after the demise of the revolution provides some useful insights into the way Grenadians felt about important aspects of their material welfare under the PRG. This information is summarised in Tables 8:18 and 8:19. The respondents exhibited mixed feelings with only 53.7 per cent expressing the view that conditions had improved in general, 27.5 per cent felt conditions had remained the same, and the other 19.8 per cent felt they had got worse. With respect to specific PRG programmes and policies, the highest level of support went to electricity (86.7 per cent felt it improved), advancement

of women's rights (85.2 per cent), housing (82.9 per cent) and agriculture (77.6 per cent). The lowest level of support went to freedom of speech (only 22.4 per cent felt it improved), water services (39.6 per cent) and roads (50.7 per cent). To put these responses into perspective the following remark from the researchers are worth noting:

Table 8:18 Conditions which Improved, Remained the same, or Worsened under PRG

Factors	Improved	Same	Worse	Total N
Roads	50.7	24.0	25.3	379
Water	39.6	50.3	10.1	376
Electricity	86.7	9.0	4.3	376
Housing	82.9	11.5	5.5	365
Employment	69.4	18.3	12.3	366
Agriculture	77.6	14.6	7.8	335
Freedom of Speech	22.4	17.2	60.3	343
Legal rights	60.9	13.9	25.2	294
Women	85.2	9.2	5.6	337
Other	71.9	12.5	15.6	32

Source: P. Emmanuel et. al, 1986, ibid, p.26

Table 8:19 Did Conditions Under PRG Improve, Remain the Same or Get Worse?

Response	N	%
Improved	197	53.7
Remained the Same	101	27.5
Got worse	69	18.8
TOTAL	367	100.0

Source: P. Emmanuel et. al., 1986, ibid, p.27

'Viewed at an aggregate level the cross-tabulation shows two things. Firstly those most likely to say that things in general improved under the PRG were young rather than old, unemployed rather than employed, the better educated, males rather than

females, and MBPM¹⁰⁰ supporters. Secondly with respect to the 12 specific indicators looked at males rather than females, MBPM supporters, the young rather than the old, those with secondary levels of education, the employed rather than the unemployed, and those from white-collar backgrounds, were the ones most consistent in their view that these conditions had improved under the PRG.¹⁰¹

Although no direct questions were asked about income distribution under the PRG by Emmanuel et. al., it is probable that there was also some improvement in this area. As already stressed at the beginning of this chapter, we should not be only concerned with the size of the economic pie (i.e. GDP) but, very critically, attention should also be paid to the way the pie is distributed between those who participate in its production.

Unfortunately, no data whatsoever is available on income distribution. However, since there was some improvement in the unemployment situation (whatever the correct percentage may have been), and given the land reform policies of the state as well as its significant ownership and control of vital economic resources, then it follows that (on balance) the gap between the 'haves' and 'have-nots' would have narrowed somewhat. Although the extent of the reduction is uncertain, it is not likely to be substantial since the structure of wages by industry and occupation did not alter radically under the PRG. Agricultural workers and unskilled labourers (especially those based in rural areas) continue to lag behind those working in banks, offices, government departments and the urban areas in general. This can be seen more concretely from Table 8:20.

Table 8:20 Grenada: Structure of Wages by Industry and Occupation --- 1984

(in Eastern Caribbean Dollars)

Industry/Occupations	Daily Wages
<u>Banks</u>	
Clerk and Supervisor	38.50 - 88.85
Stenographer	40.40 - 47.50
Messenger/Chauffeur	20.75 - 48.25
Maid/Cleaner	21.15 - 30.75
<u>Construction</u>	
GOVERNMENT	
Foreman	18.00
Unskilled (male)	12.00
Carpenter	37.13 - 50.00
Mason	17.07 - 50.00
Electrician	18.00
PRIVATE	
Carpenter	45.00
Mason	25.00
Electrician	40.00
<u>Hotel</u>	
Grade 1 Head Waiter	22.15
Head Cook	22.15
Grade 2 Receptionist	18.65
Clerk	18.65
Industry/Occupations	Daily Wages
Grade 3 Repairman	16.50
Grade 4 Bartender	14.10
Grade 5 Maid	12.05
Grade 6 Gardener	10.90
<u>Agriculture</u>	
Overseer	12.00
Labourer (male)	8.50
Labourer (female)	7.50
<u>Domestic Services</u>	
Maid	5.65 - 13.65
Washer	4.55 - 9.00
Gardener	4.55 - 11.35

Source: IMF, 1984, p.65

As for the area of structural transformation, an important start was made by the PRG. This is reflected in the new crops and economic activities which were introduced and promoted, particularly agro-industries. The new trading links and economic relations which were established with non-western countries are also worth mentioning. It is a moot point, however, whether the costs of these new relations outweighed the benefits derived from them. Among several other factors, such a calculation would have to take into consideration a number of findings already noted in this study. These include: (i) the hostility and indifference received from the United States and other Western countries, (ii) the dislocation of the tourism industry given the substantial fall in visitor-arrivals from traditional sources, (iii) the non-response of private foreign capital to the PRG's investment code, (iv) the evaporation of aid from non-western countries after the first two-and-a-half years of the revolution, (v) the inability/failure of the socialist countries to absorb Grenada's exports on terms at least commensurate with those offered by the West, and the uncompetitive and miniscule size of their loans vis-a-vis western sources.¹⁰²

Returning to the non-traditional products which were introduced and developed by the PRG, we have already established that they brought in desperately needed foreign exchange --- especially at a time when tourism and traditional agricultural produce were making the young, inexperienced revolutionaries only too conscious of the real meaning (and consequences) of dependency and underdevelopment. But the inability¹⁰³ of these exports to bring in foreign exchange on the scale required by the PRG, and their overwhelming and persistent reliance on external assistance shows just how far the PRG had left to travel before structural transformation and many of the other lofty goals of the revolution could become a reality. Even if their time was not cut short by the events of October 1983, it is

doubtful whether these could be achieved. The government's recourse to the IMF in August 1983 --- an institution notorious for its subversive economic-cum - political policies --- would have doubtless made these goals even more unrealistic.

Grenada's Suicidal Resort To The IMF

The PRG's resort to the Fund in 1983 was a sure sign of the desperate and faltering state of the economy by that time. In particular, it reflected the liquidity problem which engulfed the economy and the government's inability to mobilise resources from external and domestic sources on congenial terms, to implement its various capital and social welfare programmes.¹⁰⁴ Claremont Kirton, a Consultant on Economic Policy and Economic Planning to the PRG between 1980 and 1983, argues that the PRG had other motives for turning to the IMF at this particular juncture. These included the belief that 'once an IMF 'seal of approval' was granted to Grenada ... a much more favourable 'economic climate' would exist allowing for increased levels of participation of both domestic and foreign capital in the country's development efforts'. The government was also of the view that its bargaining power would be greater if it approached the Fund before the crisis manifested itself fully.¹⁰⁵

The 1983 IMF package was unprecedented. Unlike the one-year stand-by arrangement in 1981 which involved only EC \$9.25 million, a total of EC \$39.7 million was negotiated in this later arrangement. The leverage of the Fund in dictating how these funds should be utilised was comparatively strong given the crisis in the economy. The lion's share of the EC \$39.7 million, i.e. 75.6 per cent, was to be used to address what the IMF diagnosed as the main problem-areas of the economy, viz, the parlous state of the resources of commercial banks, the growing indebtedness of the

government and the stifling of the private sector. The rest, EC \$9.7 million was earmarked for the government's investment programme.

The conditions imposed by the Fund were geared in the main towards reducing the twin-financial disequilibria in the economy, i.e., the public sector deficit and the widening balance of payments deficit. This was the principal manifestation of the economic crisis --- a crisis attributed by the Fund to the political complexion of the regime, its over-ambitious public sector investment programme and other endogenously-created factors (contrary to the PRG's belief). Among the stipulated conditions were:

- (i) a reduction of the government in foreign trade activities (particularly its control of essential imports through the activities of the MNIB)
- (ii) the introduction of new and increased tax measures to augment government revenue.
- (iii) ceilings on the contraction of further commercial loans from both external and local sources.¹⁰⁶
- (iv) lower limits on the net foreign asset position of state-owned commercial banks.
- (v) wage restraints for public sector workers and a trimming of government expenditure levels, especially on programmes deemed to be 'non-productive'.¹⁰⁷

Had it not been for the expertise of the team of negotiators which the PRG sent to Washington, the terms and conditions would have been even more stringent. Bernard La Corbinière, budget officer under the PRG's administration,¹⁰⁸ stressed the importance of preparation when personally

interviewed by the researcher. He pointed out that the staff at the Ministry of Finance were fully aware of the type of issues which would dominate the discussion. A stiff battle was expected so they armed themselves with facts and figures about the Grenadian economy as well as comparative data on other regional territories. Besides, as experienced practitioners in economics they were not mystified by the abstruse technical formulas, models and reasoning so frequently used by the IMF to give its 'structural adjustment programmes' a scientific facade. Many underdeveloped countries, particularly small countries where skilled manpower is typically scarce, often end up with harsh, draconian packages on account of their incapacity to negotiate with the IMF at their characteristically technical and formal level.

Referring to the hard discussions which took place, the PRG had this to say:

'At the recent IMF meeting, unofficial reports indicate that the deliberations on Grenada's loan request created history in two major respects. The deliberations were the longest ever in the history of the IMF, much longer than it took the IMF to approve 5 billion (U.S.) dollars for Mexico and 6 billion dollars (U.S.) for Brazil. This is itself a clear manifestation of the U.S. attempts to block IMF assistance to Grenada. Secondly, the deliberations on Grenada's application was the first such in the history of the IMF, on which every single member of the Executive directors spoke --- an indication of the tremendous battle which

took place within the IMF on little
Grenada'.¹⁰⁹

Inspite of the bargaining capability of the PRG's team and their resoluteness in putting forward the government's case, the package they left Washington with could not be regarded as satisfactory. For the most part the conditions ran counter to the government's development strategy. Further tax measures would most certainly heighten the tensions and conflicts (which were already at an all-time high) between the government and the private sector. Since the incidence of these taxes was to be shared by all consumers, we can also expect increased tax measures to have had an adverse impact on the relationship between the government and other social forces (particularly workers and small farmers) on which it relied for political support. Already relations between the two were strained, partly as a result of the halting of several projects and programmes which had previously brought these groups considerable social and economic benefits.

The imposition of ceilings on government borrowing, wage restraints, reduction of government expenditure, and the restrictions on the controversial MNIB were just as detrimental. Although the curtailment of the role of the state in foreign trade (particularly imports) was likely to improve the relationship between the government and Grenada's comprador bourgeoisie, the gains here would have to be counter-balanced against the resultant losses to beneficiaries (e.g. consumers who benefit from reduced prices of basic goods from the MNIB). Apparently the PRG were of the view that the losses would outstrip the gains. This explains why their team of negotiators argued so vociferously (though unsuccessfully) for the preservation of the MNIB as defined and organised by the revolutionary government. Referring to this IMF conditionality, Kirton writes:

'[it] not only complicated the discussions surrounding the preparation of the Letter of Intent but also threatened the entire "negotiations", in fact, this particular precondition was the subject of long and detailed discussions not only at the technical but also political level'..¹¹⁰

Kirton also noted the relative unimportance of balance of payments issues, particularly currency devaluation, in the case of Grenada's Extended Fund Facility arrangement. This was one significant way in which this programme differed from that typically stipulated for other countries. The reason for this departure from IMF orthodoxy has already been broached in Chapter 7, i.e. the fact that Grenada was still a member of ECCA (hence it could not alter the exchange rate of the Eastern Caribbean dollar single-handedly). Notwithstanding this institutional bottleneck, the Fund insisted that the regional currency was overvalued 'and further recommended that Grenada take the initiative in mobilising other regional member states of the monetary authority (by then, a Central Bank) to review the regional exchange rate level'.¹¹¹

If Grenada had had a national Central Bank the IMF would doubtless have insisted on instituting this measure, i.e. devaluation of the national currency, directly. And as Manley's experience with the IMF revealed clearly, devaluation can be an effective, systematic, and direct tool for dislocating an ailing economy, bringing about the downfall of the government in its wake.¹¹² The absence of a Central Bank was thus a blessing in disguise for Grenada. Without a Central Bank it was also more difficult for the United States and other reactionary/opposing forces to sabotage the economy by devious means such as flooding the country with

counterfeit money in the hope of undermining the value of the local currency.

What emerges from the foregoing analysis is that by the end of 1981 the PRG was presiding over a faltering economy that was deteriorating at a progressive rate.¹¹³ Not only were the trade and public sector deficits getting wider but increasingly the government became obliged to resort to measures which ran counter to its philosophy and the political/strategic requirements of the path of development it sought to chart. Its recourse to the IMF on the scale it did in mid-1983 --- an institution notorious for dictating and subverting the economic policies and strategy of progressive regimes --- is clear evidence of the severity of the crisis which gripped the Grenadian economy. Equally symptomatic of the crisis was a set of domestic measures introduced in 1982. These included a spate of unpopular tax measures,¹¹⁴ rate increases on public utilities and a raising of the special deposit requirement of commercial banks from 10 per cent to 20 per cent. As we have already seen, these measures did much to impair the relationship between the private sector and the PRG --- a relationship which was tense and uneasy almost from the very outset, but became worse once the contours of the government's ideological leanings and development strategy were detected. Although the PRG's reports on the economy (published largely for public consumption) fail to admit that the economy (and hence their entire development model) was in severe trouble, the documents confiscated by the United States in October 1983 reveal clearly that all was not well as the PRG would have us believe.

Crisis of the Party, the economy, and the October Showdown

Our finding that there was a parallel crisis on the economic front is significant in itself. It may be argued further that there was, indeed,

some connection between the economic crisis and the crisis which developed in the party - a development which led to the tragic events of October and the re-assertion, in its wake, of what Thorndike (1985) calls the 'West Indian condition'.¹¹⁵ The quest for the application of firm Marxist-Leninist measures was believed to be, curiously enough, the appropriate solution to the problems which the revolution faced on the economic and political fronts. The political problems included the growing unpopularity of the revolution among the masses (as reflected in part by their poor and irregular attendance at meetings organised by the NJM and their indifference towards the mass organisations), opposition and even open resistance from the local bourgeoisie and the church, and mounting external pressure (particularly from the United States). It should be stressed that some of these problems (especially the weakening in the party's links with the masses and the despondency of the business sector) were fed, to a considerable extent, by the adverse developments in the economy. This judgment is largely based on the government records which were captured by the U.S. forces.¹¹⁶

Significantly, issues relating to the economy surface on more than one occasion in the intense debates which took place in the NJM after the party's critical Line of March meeting of September 1982. On this occasion the economy inherited by the PRG was described as 'backward' and 'underdeveloped' with 'a very low level ... of technological and economic development in the country ... This low level of development of the productive forces in turn resulted in very underdeveloped class formations'.¹¹⁷ In this address, Bishop also spoke about the overwhelming petit bourgeois nature of Grenada's social structure and the almost complete lack of a working class interested in socialist solutions to their problems. In other words, Bishop was conceding that the objective realities in Grenada were not at all favourable to the construction of

socialism.

Accepting the classic thesis on the role of the working class in the building of a socialist society Bishop reiterated:

'We know this is so because the working class is the class that is always growing... Again, it is the working class that is most prepared for organisation and discipline because of having to work every day, having to arrive on time, having to engage in collective organisation and collective bargaining in their trade unions and so on. The working class too owns no means of production, in fact owns nothing except their labour and therefore they are the ones who most of all have to fight to end the oppression that comes about as a result of the private ownership of the means of production which of course enslaves them ... and, finally ... because of their role in production'.¹¹⁸

At this meeting the Grenada revolution was described as a 'national democratic anti-imperialist revolution'. Five tasks were agreed upon by the Central Committee for this stage. In order of priority, these were (i) popularising and sinking the ideas of Marxism/Leninism among the working class and working people (especially via socialism classes), (ii) the organisation of the working class (principally by means of trade unions, mass organisations, sports, and culture), (iii) strengthening the Leninist character of the party (by recruiting the best elements of the working class and through developing the internal organisation of the party), (iv) building the economy along the path of socialist orientation

thus providing more material gains for the masses and laying the basis for the construction of socialism, and (v) developing the defence capacity of the state through expanding the militia and strengthening the influence of the party in the army.¹¹⁹

These tasks make it clear that after more than three years in power the party had failed to make significant progress on the path they sought to chart. Nevertheless, it was believed that 'this Line of march will equip us to go into the field and to move rapidly to ensure that this first stage of the path we are on --- the socialist orientation stage --- is rapidly built. We believe that we have correctly defined the new tasks, required to handle the new situation that has developed'.¹²⁰ The path chosen by the party was described as 'correct', indeed, 'the only correct one' and it was firmly believed that it 'would certainly bring us to our second major historical objective to seeing socialism'.¹²¹ Party members were thus urged to become 'more professional, more disciplined, [and] more Leninist',¹²² so that the demands of the period could be met.

Then only one month after this major meeting came Bernard Coard's resignation from the party's Central Committee and Political Bureau - a decision which took some members of the party by total surprise. In retrospect, this move marked a critical turning point for from that time until October 1983 the party found itself locked into a series of fierce debates which it could not easily resolve.

At an extraordinary meeting which was convened by Bishop for 12-15 October to discuss Coard's resignation, Selwyn Strachan, Coard's spokesman at the meeting, told members that Coard's decision was taken from as early as April. The decision was mainly due to physical strain and overwork. 'Everyone was depending on him for everything especially in the area of

the economy'.¹²³ Given this overdependence on him he was concerned that should he pass away untimely the revolution could not sustain itself. The slackness and ineptitude of the Central Committee as well as the alleged undermining of his authority as Chairman of the Organising Committee were also cited as factors influencing his resignation. For these reasons he told the party that his decision was non-negotiable.¹²⁴

Coard was certainly not exaggerating when he noted (among his reasons for resigning) the extreme dependence on his technical skills for running the economy. Indeed, had he relinquished his post as Minister of Finance the problems in the economy would have been even more intractable. But such a development would be to the peril of the revolution as a whole - an utterly undesirable state of affairs. His withdrawal from the party, on the other hand, could only mean one thing: when problems developed in it to almost unmanageable proportions the obvious personnel to blame would be the decision-makers - particularly the chairman of the Central Committee. This, in turn, would pave the way for a change of leadership --- a leader who could hold the party together and defend the revolution against all threats and adversities.

The July Plenary makes it clear that these had reached fever-pitched proportions by mid-1983. It lasted for 6 1/2 days, a marathon 54 hours. During this period, the party undertook critical investigation of every area of party, mass, and state work.

In the economic sphere, a host of problems and difficulties were highlighted - some of which were never publicly conceded. After analysing the various sectors of the economy the following were noted:

- (i) continuous adverse effects of cash flow on capital programmes which have threatened to halt investment on critical investment

projects as well as 'shaken the confidence of broad sections of the masses and provided the basis for some vicious rumours'.

- (ii) continued poor performance of the productive sectors of the economy, especially agro-industries, agriculture, tourism, and fisheries .
- (iii) extreme difficulties in mobilising external funds and obtaining sums which were already promised .

These difficulties meant that '1983/1984 will be difficult years and requiring maximum efforts of the party on the economic front hence the ideological work has to be stepped up to combat consequent difficulties that these two years will pose for us'.¹²⁵

Among the conclusions reached after deliberating these problems were (i) the establishment of a Ministry of State Enterprises to generate badly needed efficiency in the operation of productive and non-productive public enterprises, (ii) the continuation of the government's land acquisition policy, (iii) sending a Ministerial delegation to Libya to solicit funds, (iv) encouraging the private sector 'to explore opportunities in the area of investments by the CBI'. (The Central Committee warned, however, that 'this area must be closely monitored by the Party to ensure that the capitalists are not provided with an effective new base for covert activity by the USA') and (v) ensuring that Grenada continues to receive solidarity from her CARICOM partners on the trade and investment position of the CBI.¹²⁶

The problems on the economic front received further elaboration in the 3-day long Central Committee meeting of September 14-16. This meeting was to mark another critical turning point in the series of events which were

to engulf the island.¹²⁷ All Central Committee members who were on state business overseas were instructed to return for attendance. In the event only two were absent, Hudson Austin and Ian St. Bernard. No prior agenda was distributed and that offered by Maurice Bishop, Chairman of the Central Committee, was rejected on the grounds that it was 'lacking in focus'. The alternative offered by Chalkie Ventour was accepted. This agenda had three broad headings: (i) analysis of the party and revolution, (ii) analysis of the main problems confronting the Central Committee, and (iii) finding solution(s) for the way forward.

Significantly, the 'comrades' at this meeting were of one accord that the revolution was in crisis. The general mood was summarised by Ewart Layne's opening remark that:

'the revolution now faces the greatest danger since 1979. There is great dispiritiveness and dissatisfaction among the people. Though not in an open way it can be recognised. The state of the party at present is the lowest it had ever been. The international prestige of the party and revolution is compromised'.¹²⁸

So far as the economic dimensions of the crisis were concerned Layne went on to note 'We are faced with the tasks of managing the state sector in great economic difficulties, to build the economy in the face of tremendous pressure from imperialism.'¹²⁹ In more telling terms Leon Cornwall noted 'the honey moon period of the revolution is over. In the past 4 1/2 years progress was seen in many areas and the masses were on a high, now the work is becoming much more difficult and complex'.¹³⁰ Cornwall noted further 'A striking feature in this period is the absence of the masses in the activities of the revolution because of the deep

frustrations which exist... All areas of mass organisation work has fallen, which is related to our lack of perspective on how to implement solutions. The serious economic difficulties we face is also affecting the people'.¹³¹

Tan Bartholomew added 'The economic problems are not explained to the people and the church has grabbed a number of people in this situation. ... The revolution has lost its ability to manners counters who are very active'.¹³² He described the 300 'supporters' who attended an indoor rally in Sauteurs as 'a very weak turnout in the context of the amount of mobilisation done. Mobilisers were actually chased in some areas'.¹³³

Chris De Riggs asserted 'there has always been a tendency for the party to pay very little attention to the economy which has relevance to the question of social benefits and the overall development of the revolution. The Central Committee needs to prepare lines of educating the people on the present situation with IMF and the present salary negotiations of the armed forces, the social problem still remains'.¹³⁴

Phyllis Coard graded the mood of the party as 1 or even lower, and that of the masses as 1.5 (on a scale of 5 presumably). According to her "All Programmes of the Revolution are in a very weak condition, while propaganda work is still very bad. ... The militia is non-existent, the army is demoralised, the Comrades have genuine complains, growth in militarisation and deep economic problem'.¹³⁵

Prime Minister Bishop, too, voiced his concern about the state of the economy 'We have not paid sufficient regards to the material base [of] the country, changes in the economy, changes in social wages and the predominant petit bourgeois character of the masses and society as a

whole, our propaganda positions have consistently fed economism. We have failed to point out to the masses that this period requires a number of sacrifices and if we are not prepared to build the economy through hard work we will not make it. We have to take the blame for the over-economic expectations of the people. We need to develop proper lines on these questions for the people'.¹³⁶

Fitzroy Bain, George Louison, and Unison Whiteman --- though less forthright --- also remarked on the state of the economy and the party and the impact this decline had on the mood of the masses. In Bain's words: '... the strongest supporters of the revolution are demoralised, the party has set too much high standards for the people, we had expected social benefits to do the work for us'.¹³⁷

In Louison's view 'sufficient weight has not been given to the objective situation and the problem in the economy which we have failed to explain to the masses'.¹³⁸ Louison also voiced his shock at the state of the roads in the country which, according to him, 'is in the worst state it has ever been since the revolution'.¹³⁹

Whiteman echoed the same sentiments. 'The propaganda work', he said, 'has been too idealistic especially on the economy ... Too much time is spent on small issues instead of fundamental issues e.g. the church ... we also need to think of how to build and sustain the mass organisations in the face of economic difficulties'.¹⁴⁰

The conclusions reached at this extraordinary meeting are instructive. It was concluded that (i) 'There is a state of deep crisis in the party and revolution'; (ii) 'The main reason for these weaknesses is the functioning of the C.C.', (iii) 'The crisis has also become a major

contributing factor to the crisis in the country and revolution and the low mood of the masses', and (iv) 'The crisis has also been compounded by the weakness in the material base, electrical block outs, bad roads, retrenchments and jobs as an issue'.¹⁴¹

Further evidence on just how weak the material base was comes from a letter (dated September 26, 1983) sent by the Prime Minister to Colonel Gaddafi. A desperate Bishop pleads 'Our Revolution sees you, Brother Gaddafi and the Socialist People's Libyan Arab Jamahiriya as the last remaining hope for providing the necessary finance to complete the international airport'.¹⁴² The letter also spoke about the importance of this project in raising the prestige of the Revolution.

'Its completion and official opening on March 13, 1984, the fifth anniversary of our Revolution will be a striking victory over U.S. imperialism which has worked and continues to work relentlessly to stop the advances of the Grenadian Revolutionary process'.¹⁴³

The solutions proposed by Bishop to deal with these problems centered on five broad sets of measures, viz., (i) 'Find methods of improving the work of individual and collective leadership of the C.C.', (ii) 'The need to develop a perspective based on [Marxism Leninism] criterion to guide the work in the coming period', (iii) 'Urgently find creative ways of deepening the links with, and work among the masses', (iv) '... rationalise the work among party comrades, bearing in mind the ground swell of complaints of overwork and lack of inner party democracy' and (v) 'The C.C. need to develop structures for accountability bearing in mind that comrades are now demanding accounts from the party'.¹⁴⁴

But for the most part these suggestions from Bishop fell on deaf ears.

They did not go far enough. Calling on the Central Committee to take what he termed 'an honest, cold-blooded and scientific approach to save the party and revolution', deputy Minister of the Interior, Lt. Col. Liam James, impressed the argument upon the meeting that: 'the most fundamental problem is the quality of leadership of the Central Committee and the party provided by Comrade Maurice Bishop'.¹⁴⁵ James proceeded to propose what was apparently a well-thought-out, ready-made solution, namely, the marriage of 'the strengths of Comrades Maurice and Bernard in the form of a Joint Leadership',¹⁴⁶ to arrive at the perfect leader. It was claimed that Bishop's strength lay essentially in public relations work at home and abroad. Coard, on the otherhand, was noted for his brilliance in organisation and ideological development. In James' view the qualities possessed by Coard were precisely what was required for advancing the revolution at this point.

Although the majority¹⁴⁷ of the members of the Central Committee were in favour of the model of Joint Leadership there were some who had reservations about the proposal. George Louison, Unison Whiteman and Bishop himself were in this latter category. In Louison's view James' proposal was nothing more than 'a load of shit'.¹⁴⁸ An indignant Louison asked 'How will it evolve?', 'what would it evolve to?' 'Is it a temporary or permanent feature?'¹⁴⁹ Louison could not see how this proposal could actually help Bishop to overcome his weaknesses. Echoing the same view, Whiteman remarked: 'whenever a leader is missing qualities collective leadership and not joint leadership solves the problem'.¹⁵⁰

For his part, Bishop could not come to terms with this baffling notion of Joint Leadership. Above all, he wondered about how it would be operationalised in practice, especially his 'own role and function in this model'.¹⁵¹ Although the September 25th meeting ended on a high note with

him 'accepting' the model subsequent events reveal that the euphoria was short-lived. For on his return from Hungary and Czechoslovakia on October 8th (after a two week aid mission¹⁵²) he went back on his decision to accept Joint Leadership. From then on the crisis reached a point of no return - resulting in the placing of the Prime Minister under house arrest on October 13th, the incarceration of two of his staunchest supporters (Kenrick Radix and George Louison) on October 16th, the massacre of 'Bloody Wednesday' on October 19th, the imposition of a harsh 4-day curfew by the 16-man Revolutionary Military Council (RMC)¹⁵³ on the entire population from October 19-23, and the landing of the U.S.-led forces on October 25th - dubbed by many Grenadians as 'rescue mission' day. This was a sure sign of the rejection of the revolution by the masses by this time. The euphoria that greeted it in the beginning had long since dissipated. Bishop's death was the last straw. Their mood was summed up in the slogan 'No Bishop, no revo'.

Opinions differ as to how to apportion blame for the self-immolation of the revolution. Some observers have attributed partial blame on Bishop on the grounds that he should not have reneged on the joint leadership proposal. But to be fair to Bishop, he had harboured strong misgivings about the concept from the very outset - misgivings which were doubtless reinforced by the theoretical and practical doubts shared by his two travelling companions, Whiteman and Louison, who accompanied him on the aid mission to the Eastern Bloc. Fully aware of the Prime Minister's reservations, the Coards and the majority of the Central Committee membership stuck uncompromisingly to what they regarded as the 'solution' to the crisis encountered by the revolution.¹⁵⁴

In a recently published work Grenada: The Jewel Despoiled, Professor Gordon Lewis rejuvenated the widely held view that the proposed joint

leadership model was nothing more than a cover for Coard's preconceived plan for ousting Bishop from power. His 'resignation' from the Central Committee and Political Bureau a year earlier was the first phase of the operation. In Lewis' view the barrage of criticisms hurled at the Prime Minister by a large segment of the Central Committee and the armed forces was clear evidence of the success of Coard in manipulating this group of inexperienced revolutionary zealots, who invariably received their tutelage in Marxism-Leninism from Coard's study group Organisation for Educational Advance and Research (OREL). Referring to the plot, Lewis writes:

'The very unity and similarity of their arguments indicate a preconceived plan of action. Almost certainly it was masterminded by Coard, ambitious to become undisputed leader of the revolution (although conversations with knowledgeable Grenadians suggest that he was at times no more than a Macbeth pushed by his wife as Lady Macbeth)',¹⁵⁵

He argues further that the criticisms of Bishop's leadership and the general progress of the revolution were exaggerated by this ultra-left faction 'to paint a dismal diagnosis of the patient in order that they, as the doctor, could move to undertake radical surgery'.¹⁵⁶

There is much plausibility in this view although it should be emphasised that Lewis has not produced sufficient evidence to support the case in its totality. So far as the alleged shortcomings of Bishop are concerned he is probably correct. For it must be recalled that only one year earlier, at the Extraordinary Meeting of the Central Committee (from 12th - 15th October, 1982), members of the meeting did not regard Bishop's leadership

to be so limiting as to deserve a change. An assessment undertaken by the Central Committee at that same meeting ranked his performance almost first-rate. Only one member was ranked above him and that was Selwyn Strachan and even then Bishop earned the highest mark (100 per cent) for 'relations with the masses' and tied with Strachan (90 per cent) in the area of 'work performance'. His lowest marks were recorded in the areas of 'discipline' and 'ideological level' for which he gained 50 per cent and 60 per cent, respectively.¹⁵⁷ It is therefore doubtful that his performance in these areas could have dropped so abysmally in the space of only one year.¹⁵⁸

Less plausible, however, is Lewis' arguments against the impending economic collapse. This is where Lewis' otherwise excellent volume is at its weakest - based as it is on partial and over-select data. To cite him:

'The prognostications about the economic collapse of the revolution seem unbelievable when compared with the available statistical evidence for the economic record of 1982-83. Coard ... had brought in comprehensive economic planning and had claimed that in 1982 the gross national product had grown by 5.5 per cent, corroborated by the World Bank report of that year. Statistics for 1983 on particular sectors were equally encouraging. ... It is true that foreign exchange assets accruing from exports declined in the vital traditional areas such as cocoa, nutmegs, and bananas, but ... all of the small-island economies had achieved only minimal growth in 1982, due mainly to the general world-wide fall in prices of primary

commodities, certainly not the fault of any one island government. None of these indicators prove that the Grenada economy was on the verge of collapse. What is more, the relationship between the public and private sectors remained buoyant, with both sectors enthusiastically working together, especially in tourism promotion. Tourism in 1982 showed only a minor decline, certainly, much less than in the rival Barbados industry. ... There is nothing here to compare with the truly calamitous state, by comparison, of the Guyana economy!¹⁵⁹

This conclusion is at variance with the findings which emerge from the present study on the Grenadian economy during the revolutionary era. The wealth of empirical evidence, drawn from various sources, which we have detailed above (chapters 5 - 8) on the performance of the various sectors of the economy and our examination of numerous macroeconomic indicators for the entire period of the revolution clearly reveal that the Grenadian economy was in a parlous and crisis-ridden state - a conclusion shared by both pro-Bishop and pro-Coard supporters alike as evidenced by their various contributions at the Central Committee meetings. In particular, the evidence marshalled in chapter 7 above makes it patently clear that it is grossly erroneous to say that 'the relationship between the public and private sectors remained buoyant with both sectors enthusiastically working together' This was certainly not the case after the first year of the revolution when the political and ideological orientations of the NJM regime began to crystallise.

Further, although there is some credibility in Lewis' observation about

the performance of other regional economies it should be noted that this type of comparison does not enlighten us in any way since it is made out of context. The process which was unfolding in Grenada had no parallel in the Commonwealth Caribbean. It was governed by a different set of economic and political dynamics. Therefore, conclusions obtained simply on the basis of comparing statistical data can be dangerously misleading.

In sum, by the latter part of 1981 the Grenadian economy was engulfed in a profound economic crisis. Although we cannot say categorically that the economic crisis was responsible for the parallel crisis which was operative on the political front, it is clear that the former exacerbated the latter. In particular, the chronic economic developments did much to undermine the confidence of large segments of the population in the revolution. Curiously enough, in their intensive deliberations over solutions for the crisis faced by the revolution as a whole economics was completely subordinated to politics as reflected in the party's insistence on firm Marxist Leninist measures. Therefore, assuming that the joint leadership proposal was accepted and that the tragic events of October had not taken place, it is difficult to see how the economic crisis would have abated. In all probability the economy would continue to bleed to death, thereby forcing the regime to rethink its development strategy.

1. The respective accounts are mainly contained in the following documents:
 - (i) People's Revolutionary Government, (a) Report on the National Economy for 1981 and the Prospects for 1982 (1982), (b) Report on the National Economy for 1982 and the Budget - Plan for 1983 and Beyond (1983), (c) 'Revised Economic Memorandum on Grenada' (1982) and (d) To Construct From Morning (1982).
 - (ii) International Monetary Fund, 'Grenada: Recent Economic Developments' (1984)
 - (iii) World Bank, (a) 'Economic Memorandum on Grenada' (April, 1982) (b) 'Economic Memorandum on Grenada' (August, 1982) and (c) 'Economic Memorandum on Grenada, volume 1' (January, 1984).
2. Subsuming the IMF and World Bank accounts under the heading 'outside account' can be further justified by the fact that the World Bank relies overwhelmingly on statistics drawn from IMF source. Their documents, 'Economic Memorandum ...', (Vol. 1, 1984), which covers the entire tenure of the PRG Administration makes this clear. The similarity in their policies towards developing countries has led Cheryl Payer (1974) to describe the two institutions as 'Siamese twins'. Payer's full justification for this characterisation is presented later in this chapter.
3. W. Beckerman, An Introduction to National Income Analysis (Weidenfeld and Nicolson. London, 1976), p13.

This definition will suffice since the only difference between GDP and gross national product (GNP) is net property income from abroad. The concept of net property income from abroad is defined at a later stage in this chapter. Adapting Beckerman's definition, GDP is simply 'the unduplicated value of the flow of goods and services produced' within a particular territory (regardless of who owns the factors of production) 'in the time period concerned (usually a year)'.
4. W. Beckerman, *ibid.* p 7. The term 'Transfer payments' is often used to denote transactions which do not add to the current output of goods and services. The term is thus used synonymously with 'unproductive' transactions.
5. See W. Beckerman, *ibid.*, p8, pp 9 - 10, and pp 25-26 for other examples as well as examples of inconsistent practices even within socialist bloc countries and within western countries.
6. E.K. Hunt and H.J. Sherman offer the following explanation for this omission: 'The reason for this exclusion is the sexist idea that women don't really work very hard, plus the capitalist notion that services are valuable only if they are sold in the market' See Economics: An Introduction to Traditional and Radical Views, (Harper and Row Publishers, New York, 1981) p434.
7. The justification for second-hand goods (even when they relate to productive activities) is understandable since they do not represent current production. Otherwise one could easily generate large GDP

by simply counting goods and services that have been produced over the years. In the case of illegal activities, part of the problem stems from data inaccessibility.

8. If these are the only two transactions in the economy, the value of GDP would be \$EC40 m. Using the 'output' method (discussed below) farmers produce \$EC20 m while GAI adds another \$EC20 m to the value of what farmers produce. One can now readily understand why Beckerman defines national product the way he does, i.e., '....the unduplicated value of the flow of goods and services ...' (Beckerman, 1976, op. cit., p13. Emphasis added).
9. See. W. Beckerman, *ibid*, particularly chapter 2 for further details on these methods.
10. W. Beckerman, *ibid*, pp 17-18. Emphasis added.
11. C. Kirton, 'Attempts at Economic Planning in the Early Stages of Transition: Some Notes on the Grenada Experience', p34.
12. C. Kirton, *ibid*, p35.
13. C. Kirton, *ibid*, p 35 Kirton's remark about 'non-response' and inadequacy of data was also corroborated by my interview with Mr Ali, Chief Statistician in the Department of Statistics in Grenada (interview conducted in June, 1987).
14. See, Beckerman, op. cit., pp17-18. Emphasis added.
15. According to the author's interviews with technocrats at the Caribbean Development Bank, this is a common practice of organisations such as the World Bank and the IMF. Data on other OECS countries, for instance, are used as a partial 'check' for determining the realism of figures provided by the Department of Statistics of a particular country in this region.
16. See. W. Beckerman, op. cit., chapters 10 and 11 for a discussion of the 'index number problem'. A figure of 100 is assigned to the base year and all prices are related to this figure. See footnote 17 below for an example of how to deflate GDP.
17. In this particular case, the nation would be 20 per cent better off since the index for nominal GDP is 150 and the price index is 125. The index for real GDP is thus 150

$$\frac{150}{125} \times 100$$

 which is equivalent to 20 per cent. See Beckerman, p 273.
18. This term denotes income accruing to a particular country by virtue of its ownership of assets abroad. For example, a part of Grenada's GDP may be produced with the aid of capital which is owned by foreigners. A part of Grenada's output would thus belong to foreigners. This must obviously be deducted from Grenada's GDP. But it may also be possible for other countries to use assets owned by Grenadians to produce their output. By the same token, this would represent a part of Grenada's GDP. However, in general countries like Grenada earn less property income from abroad than what they pay out to other countries. Indeed, net property income from abroad is likely to be a negative quantity. When added to GDP,

resultant figure for GNP is thus significantly less than that for GDP.

19. See W. Beckerman, op. cit., chapter 3, for a lucid discussion of this point. Note also Beckerman's discussion of the need for 'alternative measures' to supplement the conventional GDP measure.
20. The main argument here is that some Grenadians regard the infringement of their civil liberties under the PRG as an evil which was at least as great as dire material deprivation (author's interview with Grenadians from various socio-economic categories, June 1987).
21. Cited in W. Beckerman, op. cit., p41. Emphasis is in the original.
22. PRG, Report on the National Economy for 1981..., pp1-2.
23. It is significant to note that the figure reported for real GDP in 1981 in the PRG's earlier report (i.e. Report on the National Economy for 1981...) was 2.0 per cent, not 3.0 per cent (see ibid, p6). Is this inconsistency a printing error? Or is it a sign of data fabrication? There is no evidence to support the latter. It may well have been a printing error since all the later reports and government documents invariably cite 3.0 per cent instead of 2.0 per cent. Incidentally, reports by outside sources also note a figure of approximately 3 per cent for 1981. See the figures reported below by the IMF and World Bank.
24. See World Bank Report, 1984, p30.
25. World Bank, ibid., p15.
26. PRG, 'Revised Economic Memorandum', p13. Was this another 'printing error'? Although this 'discrepancy' is not serious in this particular case (since no one can deny, or has denied, that the PRG revolutionised expenditure on productive infrastructure), it is significant when documents (especially those produced by the same source) are not internally consistent. This principle suggests that allowance must be made for a margin of error when interpreting more significant and sensitive data such as data on unemployment. Perhaps it may be best to regard these data as 'trends' rather than 'definitive' figures.
27. See PRG, Report on the National Economy for 1981..., pp6-7. The figure for 1980 seems to be dubious. In any event, it is difficult to see how they arrived at this figure, especially since the table contained on p6 of this document notes that no data was available for growth rate in this sector for 1979. A data point for this year is obviously needed for purposes of comparison.
28. For a 'semi-official' account of the various forms of destabilization which Grenada was subjected to during this period, See Chris Searle, Grenada: The Struggle Against Destabilization, (London, Writers' and Readers' Publishing Co-operative Society, 1983). Among those mentioned by Searle in the realm of 'economic destabilization' were: U.S.' successful attempts to discourage the EEC from granting assistance to Grenada for completion of the international airport project, the U.S.' insistence that Grenada

should be excluded from the financial assistance which was given to the WINBAN territories in 1980 when the banana industry was almost dislocated as a result of hurricane and heavy rain, a US\$4 million grant which was given to the CDB by the Reagan Administration on the condition that Grenada should be excluded from the project, and the U.S.' insistence that Grenada, Nicaragua, and Cuba should be excluded from the provisions of the Caribbean Basin Initiative (CBI), a U.S. propelled 'mini -Marshall Plan.'

29. Report on the National Economy for 1981 ..., p32.
30. Report on the National Economy for 1982 ..., p23.
31. See Report on the National Economy for 1981... for the data for 1980 and 1981 and Report on the National Economy for 1982.... for the data for 1982. Again we can detect inconsistency in the PRG documents. Thus the latter report records a figure of EC\$146.7 million for the total value of imports for 1981, i.e. EC\$13.2 million less than the figure originally stated.
32. PRG, 'Revised Economic Memorandum on Grenada', p17.
33. PRG, Report on the National Economy for 1982..., pp 15-16.
34. PRG, Report on the National Economy for 1982..., p16.
35. 'Building The Economy', Interview by Chris Searle with Bernard Coard on Radio Free Grenada (RFG), February 13, 1983, Reproduced in NJM (U.K.), Revolutionary Grenada: A Big and Popular School, (Spider Web, London, 1985), p43.
36. See PRG, Report on The National Economy for 1982..., p16.
37. 'Building The Economy', *ibid.*, p43.
38. Report on the National Economy for 1982, p29.
39. Report on the National Economy for 1982..., p25.
40. PRG, 'Preliminary Report on the Unemployment Census, April 1982', (St. George's, Grenada).

See also Report on the National Economy for 1982..., pp5-6.
41. PRG, Report on the National Economy for 1982, p 6. Emphasis in the original.
42. PRG, Report on the National Economy for 1982..., p6.
43. PRG, Report on National Economy for 1982..., p6
44. M. Bishop, 'Fight Unemployment through Production', speech delivered to the Conference on Unemployment, 28th June, 1982, p1. (Incidentally the title of this speech was one of the popular slogans in revolutionary Grenada).
45. PRG, Report on the National Economy for 1981..., pp34-35.

46. This was an important advancement. For as Coard noted the costs for many of these health services are outside the budget of many people in the Caribbean. Thus, for example, whereas it cost Grenadians nothing to fill a tooth, Coard emphasises that this same service would cost between EC\$30 - EC\$40 in other neighbouring islands (ibid, p 35). From the researcher's familiarity with the health service in Jamaica, it may be added here that the costs of obtaining health services (especially for those who live in rural areas) are so exorbitant that many poor families are sometimes obliged to become their own doctors and dentists. Thus an aching tooth is sometimes removed with a pair of pliers. Admittedly some form of public health services are available, but because these are usually concentrated in distant urban areas (and given transportation problems) many families resort to them only in cases of dire emergency.
47. By introducing these services into the countryside, the poor were able to save vital dollars which they would otherwise spend on transportation to obtain the same services in St. George's or Grenville.
48. The National Transport Service (NTS) commenced its operations in March 1982, with a fleet of 26 mini-buses. Among the benefits to the people were the provision of regular services from as early as 6.30 a.m. to 10.30 p.m. (and up to mid-night in the case of those that serviced the Grand Anse route). By competing with private bus owners, the NTS also helped to contain increases in bus fares. The NTS also operated on routes which private bus owners found uneconomical on account of the poor state of the roads.
49. PRG, Report on the National Economy for 1982..., pp 9-10.
50. See the footnote at the bottom of Table 8:7.
51. PRG, Report on the National Economy for 1982, p9.
52. PRG, ibid, pp 9 - 10.
53. PRG, ibid, p 10.
54. The only notable exception to this rosy picture is when they pronounce the impact of 'destabilization,' 'imperialism,' and the 'crisis in the world economy' on the Grenadian economy. And even then the claim is still made that the Grenadian economy continues to fare better than most capitalist economies.
55. The origin of this Report is worth recalling at this point. See chapter 7 above.
56. See PRG To Construct from Morning' p165.
57. Cheryl Payer, The Debt Trap: The IMF and the Third World, (Richard Clay, The Chaucer Press Ltd, Bungay, Suffolk, U.K., 1974), p 215. Payer also offers useful information on the division of labour between the two institutions. She argues that much of the division exists only in theory. Payer writes: 'In practice, as both institutions have gradually usurped new functions not foreseen at

their founding, their roles have overlapped to some extent. The Bank has recently decided that it too can legitimately provide balance of payments support and enforce liberalisation and financial discipline on borrowing countries.... Similarly, although it is usually the Bank which organises aid consortia, the IMF is invariably a key member of them and occasionally takes the role of organiser the staff of the Fund would acquaint itself, before visiting a member country, with the views of the Bank, and vice versa' (ibid. p 215-16).

58. World Bank, 'Economic Memorandum on Grenada', (Report No. 3825-GRD, August 4, 1982), p18. My emphasis. The style of the language typically used by the World Bank can be illustrated with an example from their 1979 'Report on the Grenadian Economy'. Referring to the abysmal state of the treasury under the Gairy regime, it noted: 'Public Sector savings have been non-existent because of the deteriorated State of the Government's finances'. (pii) My emphasis. It is difficult to see how a commentator on the Grenadian economy under the Gairy regime (especially in the late 1970s when corruption, mismanagement, and arbitrary financial administrative practices were at their peak) could discuss the state of the economy without making explicit reference to these corrupt practices. Yet the World Bank skilfully eschewed this type of 'emotional' analysis by simply skating over the fundamental causes of the 'deteriorated state' of the Government's finances.
59. As noted before the Reports written by the PRG are very thin on technical economic data, perhaps because they were geared for a diverse audience.
60. One possible reason for the discrepancy may be the use of a different base year for deflating GDP. The PRG used 1977 whereas the IMF and World Bank used 1980. Note, too, that there is a conflict, albeit not significant, between the individual entries contained in the tables provided by the IMF and the World Bank.
61. If 1983 is included this figure would fall to less than 2 per cent, since real GDP declined by 1.6 per cent in this year. The IMF attributed this fall largely to the disruptive effects of the October events. For this reason, the author has decided to concentrate on the years 1979 to 1982.
62. IMF, 1984, p1.
63. Central Statistical Office, St. George's, Grenada, March 1987. Note the series began with 1981. This seems to imply agreements with the figures reported by the PRG for 1979 and 1980.
64. See Table 8:8 Note these rates of growth are generally higher than those reported by the PRG.
65. See Table 8:8 above. See also Table 8:2 above for the figures presented by the PRG.
66. Author's computation from the data contained in Table 8:10.

67. We will draw mainly from the IMF source. This is due to some evident discrepancies in the Table provided by the World Bank despite their claim that their figures are largely based on the IMF data. As an example of this discrepancy, we may note that whereas the IMF recorded a current account deficit of US\$33.7 million for 1982, the World Bank noted a substantially lower figure of EC\$ 15.7 million. See Table 8:12, including my footnote at the bottom of that table.
68. For instance, the largest figure reported for airport-related imports was US\$8.6 million. This was for 1982, a year when the value of total imports peaked to US\$65.1 million. See Table 8:11. It is worth noting, however, that in the IMF's view 'a large part of imports, particularly capital goods and equipment for the construction of the international airport and other projects 'have not been recorded by the Customs Office' (IMF, *ibid*, p27). This implies that the current account deficit may have even been more serious than that recorded in Table 8:11.
69. See IMF, *ibid*, p4 and p26.
70. But unless new markets were found, non-traditional exports were also doomed, as a result of import-restrictions levied by the Trinidad and Tobago Government.
71. As an indicator of the importance of foreign exchange to the economy and its associated fragility, it is important to stress at this point that even a substantial disruption in student inflows could precipitate a crisis in the Grenadian economy. The same is certainly true for migrant transfers, perhaps more so. Although difficult to measure the magnitude of this inflow is believed to be substantial in the context of Eastern Caribbean economies, sometimes even exceeding the annual value of the economy's main export(s). Rubenstein's finding is worth citing: 'In a random sample of 100 of the over 400 households [in a village in St. Vincent], the economic contribution of remittances was as follows: 26 households counted on remittances for at least 25 per cent of their support, 38 households received less than 25 per cent of their support in the form of remittances, and 36 households received no remittances. While 74 of the 100 households found the primary source of their support from the economic efforts of resident household members, only 31 of these received no remittances at all. In addition, although only four households were nearly entirely dependent on remittances, almost two-thirds of the households received some amount of cash from overseas. Finally nearly every ... household which does not now receive cash from outside the island has a history of remittance contributions from current or former members' (cited in Rosemary Brana-Shute and Gary Brana-Shute, 'The Magnitude and Impact of Remittances in the Eastern Caribbean: A Research Note', p 277 in William F. Stinner *et. al.* (eds)., Return Migration and Remittances: Developing a Caribbean Perspective, (Ries Occasional Papers No. 3, Research Institute on Immigration and Ethnic Studies, Smithsonian Institution, Washington D.C., 1982).
72. See IMF, table 8: 11.

73. For a discussion on the foreign policy orientations of the PRG, see A. Payne, 'The Foreign Policy of the PRG' and H.S. Gill, 'The Grenada Revolution: Domestic and Foreign Policy Orientations'. Both papers are yet to be published. The former was presented at a conference on 'Democracy, Development and Collective Security in the Eastern Caribbean: The Lessons of Grenada', University of Puerto Rico, October 17-19, 1985. The latter paper was delivered at a conference held at the Institute of International Relations, University of the West Indies, Trinidad, 24-25 May, 1984.
74. IMF, 1984, p28.
75. We may also note that loans from domestic sources also took an upward turn. In 1980 loans from domestic commercial banks amounted to US\$1.1 million, but by 1982 they increased to US\$9.5 million. See Table 8:11. A significant proportion of these no doubt came from domestic sources.
76. In the case of the feeder road project, the CDB loan was granted for as long as 25 years. Note the most favourable/concessionary loan is defined as the one with (i) the longest period of repayment, (ii) the longest grace period and (iii) the lowest rate of interest. We should also affirm here that the bulk of the funds disbursed by the CDB originate from Western sources.
77. See my chapter 5 above.
78. See IMF, Table 8:11 above.
79. World Bank, 'Grenada: Updating Economic Memorandum', (Report No.6292 - GRD, September 5, 1986), p5.
80. IMF, 1984, p28. According to data published in a later IMF Report, it did not quite reach 24 per cent. Estimated outstanding debt was US \$47.5 million (or 92 per cent of exports) at the end of 1985 and the debt service payments for that year amounted to 16 per cent of export proceeds and 22 per cent of current revenues. This unexpectedly 'low' debt service ratio was a direct consequence of the substantial aid inflows from the U.S. in the wake of the October Crisis. (See World Bank, 1986, p5).
81. See IMF, Table 8:15 above.
82. According to the PRG the rate of inflation in that year was 10.5 per cent as opposed to the 18.8 per cent reported by the IMF and the World Bank.
83. World Bank, 'Economic Memorandum on Grenada for 1982', (preliminary version), pp17-18.
84. See World Bank, 1984, p17 and IMF, 1984, p7.
85. World Bank, 1984, p17.
86. World Bank, *ibid*, p17.
87. World Bank, *ibid*, p17.
88. IMF, 1984, p8.

89. PRG, 'Proceedings of Aid Donors Conference held in Brussels on 14-15 April, 1981', p4.
90. World Bank, 1984, p17
91. IMF, 'Grenada, Recent Economic Developments', (1983), p19.
92. Claremont Kirton, adviser to the PRG between 1980 and 1983, claimed that unemployment fell to 12 per cent in 1982 --- presumably the figure for the end of the year. See Kirton 'Grenada's Extended Fund Facility with the IMF, 1983', p6
93. See St. Lucia Voice 'Interim gov't says after Inaugural Meeting: Grenada's Finances are Grim', (10th December, 1983), p8.
94. See Table 8:9 above.
95. See Robert Cole 'On the Problem of the Reverse Transfer of Technology (Brain Drain) and Human Resources in Grenada', (undated and unpublished paper, Ministry of Finance, Grenada) for a discussion of the costs and benefits of the 'brain drain' phenomenon to Grenada. (This paper was written for the PRG).

The severity of the migration problem among skilled personnel during this period was emphasised by Mrs Beverley Steele, Resident Tutor of the U.W.I. Extra-mural Department in Grenada. In an interview with the author, Mrs Steele noted that since 1981 the Extra-mural Department has been unable to host its annual re-union party for graduates of UWI. According to her the graduates emigrated en masse as a result of both economic and political factors. (Author's interview with Beverley Steele in June 1987).

96. A significant number of these migrant workers were aligned to international development agencies and were often paid in U.S. dollars. (Researcher's interview with personnel at the CDB and the Grenadian Treasury, May-June 1987). This huge differential in salaries and perks between these expatriate workers and Grenadians was a constant source of tension and resentment.
97. See Project Document, UNDP, GRN/79/001/A/01/31.
98. Another major boost to the number of people unemployed since the derailment of the revolution came from the planned retrenchment of 1,800 workers from an estimated 7,000 monthly paid workers employed in the public service and several hundred more daily paid workers. These were to be retrenched on a phased basis. The first phase was implemented in April 1987, at a time when thousands of school leavers were about to join the labour market. At the time of this retrenchment measure the unemployment rate was estimated by sources within the Blaize government to be 40 per cent. So unpopular was this move that a split developed within the government, resulting in the resignation of several cabinet ministers. These included Francis Alexis, George Brizan and Tilman Thomas. For further details see 'Grenada Faces Bleak Prospects', Caribbean Contact, June 1987, p6.

99. P. Emmanuel et. al., Political Change and Public Opinion in Grenada 1979-1984. (Occasional Paper No. 19, 1986, Institute of Social And Economic Research (Eastern Caribbean) University of the West Indies. Cave Hill, Barbados).

The focus of the Survey was broad-gauged. In the author's words it was 'designed to discover opinions and attitudes on a selected number of contemporary issues facing the society' (p2). These include questions about Gairy's Administration, different aspects of the PRG regime, Attitudes to Grenada - U.S. Relations since the October crisis, Performance of the Interim Government and the 1984 General Elections. The study was based on a quota sample of 390 electors drawn from 9 (of the 15) electoral constituencies in the island. This selection was largely based on their 'electoral histories' (Emmanuel et. al., p4).

100. MBPM denotes Maurice Bishop Patriotic Movement. The Movement was formed after the October upheavals, under the leadership of ex-PRG Cabinet Minister, Kenrick Radix.

101. P. Emmanuel et. al., p27.

102. A letter from Ambassador Richard Jacobs in July 1983 suggests clearly that the PRG had come to realise that their relation with the Eastern Bloc, particularly the Soviet Union, was not paying the sort of dividend which they had anticipated. To the Soviet Union Grenada was a small, distant country which was relatively insignificant to the overall correlation of forces. On the economic front, the limited (and non-strategic) resource endowment of the island meant that the Soviet Union had very little to gain from integrating Grenada into its economy via the Council for Mutual Economic Assistance (CMEA) --- a place reserved for the USSR's closest allies. Despite the NJM's resolute efforts to develop close relations with the USSR (e.g. Grenada and Cuba were the only countries in the entire Latin American and Caribbean region to vote for the Soviet Union in the United Nations on the Afghanistan issue) the Soviet Union refused to reciprocate. Bishop's request to meet with General Secretaries Brezhnev and Andropov were thus disapproved. Contact at such a high diplomatic level was reserved for those countries deemed to be strategic to its overall global relationships. The chagrin of the party was summed up by Richard Jacobs when he wrote 'Considering the risks that we have taken on this [i.e. the Afghanistan incident] and other matters, it might be fair to say that their support for us is actually below our support for them' (Richard Jacobs, letter to Unison Whiteman, 11 July 1983, 'Grenada's Relations with the USSR' in Grenada Documents: An Overview and Selection, (Department of State and the Department of Defence, September 1984, Washington D.C.), Document 26, p8.

See, also, Peter Shearman, The Soviet Union and Cuba, (Chatham House Papers, No.38. The Royal Institute of International Affairs. Routledge Kegan Paul. London, New York and Andover, 1987), pp61-67 for further information on the relations between Grenada and the USSR during the era of the PRG.

103. Arguably the picture would have altered radically had the PRG de-emphasised expenditure on the international airport and promote non-traditional industries on the scale it promoted the airport. It was this subordination of other sectors to the construction of the

airport which the US President found 'illogical' and 'sinister'. In May 1983 President Reagan was led to remark: 'Even if we take the PRG at its word, it must remain incredible that there is no guile in the size of that Government's spending on the airport which is twice as much as expenditure on State enterprises, six times as much on agriculture, 20 times as much on education or 40 times as much on health and housing. Surely, the airport could not be that predominant a creator of national wealth or source of social remedies and facilities'. (Cited in The Trinidad Guardian, 14th May, 1983, 'Sinister airport?').

104. The Report on the National Economy For 1982 listed a total of 130 projects for which finance was being sought. 76 of those was designated 'top priority projects'. See Appendix 2, pp 148-176 for the nature of the 130 projects.
105. See C. Kirton, 'Grenada's EFF Programme with the IMF, 1983'. This section relies in part on Kirton's paper to provide insights into the nature of the 1983 Agreement between Grenada and the Fund. Efforts were made to obtain a copy of the original Letter of Intent but without success. Neither Kirton (who was approached personally in August 1987) nor the IMF Headquarters in Washington co-operated with my request --- the latter stressed the confidentiality of the document.
106. The only exception was where a government guarantee was required to facilitate an important private sector initiative (see C. Kirton, Grenada's EFF Programme with the IMF, 1983', p22. Emphasis in original).
107. These include the 'people-orientated' welfare programmes which were so pivotal to the government's development strategy. See C. Kirton, *ibid*, pp12-12 for further information on the conditions stipulated by the Fund.
108. La Corbinière was also one of the technocrats which the PRG sent to Washington in August 1983 to negotiate the IMF programme. The researcher made contact with this talented St. Lucian economist, now chief budget officer to the St. Lucian government, in May 1987. Detailed discussions were held with him on several days on various aspects of the Grenadian economy under the PRG.
109. Free West Indian, 21 September, 1983.
110. C. Kirton, *ibid*, p15.
111. C. Kirton, *ibid*, p17. Kirton also noted that Grenada was pressured to accede to this request which also became formalised in the Letter of Intent. This move, of course, could seriously impair relations between Grenada and other OECS states.
112. This experience has been comprehensively documented by N. Girvan, R. Bernal, and W. Hughes, 'The IMF and the Third World: The case of Jamaica', Development Dialogue (No.2), 1980, pp113-155.
113. Of course this is not to say that important social and economic achievements were not made. But did it require a commitment to soviet-style socialism to achieve these? Wouldn't the model of social democracy be just as effective and, arguably, even more appropriate for Grenadian conditions?

114. A major innovation introduced to the fiscal system by the present Blaize administration was the institution of a 20 per cent value added tax (VAT) --- a tax which (like the government's retrenchment programme) triggered a great deal of dissension within Grenada's parliament. It was felt that such a tax could not be effectively administered in the Grenadian context, and as such VAT was a lucrative loophole to be exploited by rapacious businessmen. The implications for the poor and needy were also stressed by dissenters such as George Brizan and Francis Alexis.
115. See T. Thorndike, Grenada..., p175. See also Gregory Sanford and Richard Vigilante, Grenada: The Untold Story, (Lanham, MD: Madison Books, 1984), Kai Schoenhals and Richard Melanson, Revolution and Intervention in Grenada: The New Jewel Movement, The United States, and The Caribbean, (Boulder: Westview Press, 1985) and Jay R. Mandle, Big Revolution, Small Country: The Rise and Fall of the Grenada Revolution (Lanham, Md: The North-South Publishing Co Inc., 1985), for detailed accounts of the October Crisis.

For a comprehensive discussion of the role of law in the subsequent intervention/invasion of the U.S. in Grenada see Scott Davidson, Grenada: A Study in Politics and the Limits of International Law, (Athenaeum Press Ltd., Great Britain, 1987). See also William Gilmore, The Grenada Intervention: Analysis and Documentation (London: Mansell, 1984).

116. Supporting evidence also comes from interviews which the author conducted with leading members of the PRG and personnel close to the party. The interviews with cadres who worked in the Treasury were particularly revealing since they helped me to appreciate the magnitude of the economic problems, and the seriousness which NJM leaders attached to them.
117. Cited in Grenada Documents: An Overview and Selection, p3.
118. Grenada Documents..., pp5-6.
119. Grenada Documents..., pp35-36.
120. Grenada Documents..., p49.
121. Grenada Documents..., p49. Emphases are in the original.
122. Grenada Documents..., p49.
123. 'Extraordinary Meeting of the Central Committee, NJM, 14-16 September 1983' in Grenada Documents..., Document 105, p1.
124. 'Minutes of the Extraordinary Meeting of the Central Committee of the NJM from Tuesday 12th - Friday 15th October, 1982' in Grenada Documents..., Document 105, p1.
125. 'Central Committee Report on First Plenary Session 13-19 July 1983' in Grenada Documents..., Document 110, p11.
126. 'Central Committee Report on First Plenary Session...', *ibid.*, Document 110, p12.

127. In George Louison's view, this meeting was clearly called to sling mud at particular members of the Central Committee, particularly Maurice Bishop. See George Louison, interview, Inter-continental Press, April 16, 1984, p208.
128. 'Extraordinary Meeting of the Central Committee of the NJM 14-16 September, 1983' in Grenada Documents..., Documents 112, p4.
129. 'Extraordinary Meeting...', ibid, p4. Emphasis added.
130. 'Extraordinary Meeting...', ibid, p5.
131. 'Extraordinary Meeting...', ibid, p5.
132. 'Extraordinary Meeting...', ibid, p7.
133. 'Extraordinary Meeting...', ibid, p7. Emphasis added.
134. 'Extraordinary Meeting...', ibid, p8.
135. 'Extraordinary Meeting...', ibid, p8-9. Emphasis added.
136. 'Extraordinary Meeting...', ibid, p10.
137. 'Extraordinary Meeting...', ibid, p6.
138. 'Extraordinary Meeting...', ibid, p11.
139. 'Extraordinary Meeting...', ibid, p11.
140. 'Extraordinary Meeting...', ibid, p11-12.
141. 'Extraordinary Meeting...', ibid, p13. Emphasis added.
142. Maurice Bishop, Letter to Colonel Gaddafi, September 26, 1983. Emphasis added.

(Bishop's letter notes that assistance was sought from Libya from as early as March. Yet six months later Libya took no steps to act, despite its earlier promise. This indicates the growing problem the PRG were having in mobilising funds from overseas).
143. Letter to Colonel Gaddafi, ibid.
144. 'Extraordinary Meeting...', ibid, p13-14.
145. 'Extraordinary Meeting...', ibid, p14.
146. 'Extraordinary Meeting...', ibid, p21.
147. When a vote was taken on the issue 9 members voted for it, 2 (George Louison and Whiteman) were opposed to the proposal, and 2 (Bishop and Hudson Austin) abstained. See 'Extraordinary Meeting...', ibid, p34.
148. 'Extraordinary General Meeting of Full Members Sunday 25th September', in Grenada Documents..., Document 113, p22
149. 'Extraordinary General Meeting...', ibid, p32.

150. 'Extraordinary General Meeting...', *ibid*, p24.
 151. 'Extraordinary Meeting...', *op. cit.*, p36.
 152. Note the Prime Minister's absence from Grenada for as many as 14 days, in the midst of severe problems in the party, was clear indication of the pressing need for development assistance to mitigate the depression in the economy.
 153. Significantly those who comprised the RMC were for the most part the very members who led the attack against the Prime Minister's leadership and his alleged 'petty bourgeois' traits.
 154. As one source puts it 'There was no indication that the committee was prepared to settle the crisis on any terms other than its own ' See F. Ambursley and J. Dunkerley, Grenada: Whose freedom? (Latin American Bureau Ltd., London, 1984), p74.
 155. Gordon Lewis, Grenada: The Jewel Despoiled, (The Johns Hopkins University Press, Baltimore and London, 1987), p41.
 156. Lewis, *ibid.*, p44.
 157. 'Extraordinary Meeting of the Central Committee from 12-15 October, 1982' in General Documents..., Document 105, p5.
 158. An interview given by George Louison, one of the few surviving supporters of the Prime Minister contains some very instructive remarks. Louison notes that Bishop's leadership was far from perfect. However, this was not the fundamental reason for the problem in the Central Committee: 'nobody wanted to admit that half of the problems within the party itself was the continued illness of a section of the Central Committee. The areas where there were substantial problems were the areas in which these people were either ill or not functioning'.
- Louison recounts that there were 'five or six members of the Central Committee who virtually lived in hospital over the past year'. See Interview with George Louison, Inter-continental Press, April 16, 1984, p209. The high incidence of illness among party members (largely resulting from overwork) was probably a contributing factor to Bishop's performance in the Central Committee. The tasks were numerous and the party cadres were comparatively few --- for the paternalistic model of socialism which the NJM sought to impose on Grenadians. See J.R. Mandle, Big Revolution Small Country for an insightful discussion of the viability of paternalistic socialism in small societies where highly motivated and qualified cadres are relatively scarce.
159. G. Lewis, Grenada: The Jewel Despoiled, pp42-43.

Summary and Conclusions

The Grenadian revolution was sui generis - the direct outcome of the phenomenon characterised in this thesis as 'Gairyism'. But once the revolution became a reality in March 1979 it was seen not merely as an opportunity to invert Gairyism but, more fundamentally, its architects sought to construct a new socio-economic model aimed also at challenging and reversing all forms of colonial and neo-colonial domination as manifested in virtually every sphere of the economy, society, and polity.

So deep-seated and intractable were these problems that it would be impossible for any leader or revolution, for that matter, to solve them in a mere four-and-a-half years. Nevertheless, as I have set out above, it is patently clear that so far as the arduous tasks of economic reconstruction were concerned, the PRG had succeeded in making a critical and encouraging start.

Above all, the regime was resolute in its pursuit of policies geared towards achieving convergence in the pattern of domestic production and consumption vis-a-vis the country's resource endowment. The impressive range of new products produced for the first time by Grenadians in Grenada and with indigenous raw materials speaks for itself. These included various types of nectars (tamarind, guava, banana, mango, soursop, pawpaw and coffee), pepper sauce, mango chutney, nutmeg jelly, nutmeg jam, and guava cheese. New directions were charted in international economic relations and foreign policy in general. The central objective was to reduce Grenada's dependence on a limited source of foreign exchange, foreign markets, and developmental assistance. Positive steps were also taken to marry the idle resources which commercial banks (with their well-

known metropolitan biases) typically exhibit with the productive requirements of the national economy. The tasks of establishing a vibrant and dynamic agricultural, tourism, and manufacturing sector were also tackled with great enthusiasm and dedication. The findings of the 1981 Agricultural Census, for instance, were meant to provide the basis for government policies in this vital sector. Equally indicative of the government's plans for the transformation of the Grenadian economy were its Tourism and Investment Codes as well as its programmes for the livestock and handicraft sectors.

Assuming the regime had not collapsed, that it was able to implement its various social and economic programmes, and that it did not have to contend with the problems of economic aggression, it is highly probable that the Grenadian economy would have become a splendid showpiece for the entire Caribbean before very long. As we have already seen, after the PRG's first two-and-a-half years in office, when moral was high and resources were available, a number of tangible advances were recorded on the social and economic fronts. Notable among these were the alleviation of unemployment and huge price increases, the rehabilitation and development of the country's productive infrastructure, and a number of 'people - orientated' initiatives in the area of health, housing, and education.

Arguably more gains could have been made had it not been for certain inherent flaws in the formulation and implementation of the government's development strategy. The major shortcoming was the skewedness of the public sector investment programme, dominated as it was by one single project, - the international airport. Had the PRG given the same amount of priority to agro-industries, handicrafts, and non-traditional exports in general the economy would have been on a sounder footing and with a

greater buoyancy. Correspondingly, the problems which faced the revolution in its last year would have been less severe. As noted before the performance of these sectors was very encouraging, but they all suffered from lack of finance. This is not to say that the airport project was not necessary. It clearly was - a need long recognised by previous Grenadian leaders and aid donors. But since the PRG could not afford a new international airport in the first place perhaps it should have contented itself in the short-term with an upgrading of the existing facilities at Pearls as it had pledged in its 1973 manifesto. Alternatively, it could have opted to build the airport over a longer period of time. This would not only reduce the drain on the treasury but it is probable that the tensions between the government and both Washington and the Grenadian private sector would have been mitigated. As pointed out before, in its efforts to complete the project on time and faced with pressing economic problems, the government felt obliged to institute a number of stringent measures such as increased taxes, increasing the special deposit requirement of commercial banks and airport bonds - all of which were unpopular amongst the private sector. And whilst paying such a high price for the airport, it should be stressed that an international airport, no matter how well-endowed to provide comfort for visitors, was not decisive of itself in attracting visitors to Grenada as the PRG seemed to have thought.

Another critical flaw relates to the pace at which the PRG moved into the productive sphere of the economy in its proclamation to make the state sector dominant. Projects followed each other in rapid succession with very little thought, if any, given to the question of whether or not the state possessed the managerial, technical, and financial capacities to operate them successfully. As a result of bottle-necks in all three areas, most of these state enterprises recorded huge deficits. To the

private sector and other opponents of the government, these deficits were regarded as symbols of failure. With better planning and a more gradual and cautious pace the outcome would have been eminently superior.

The almost indiscriminate policy of revolutionary manners against those deemed to be 'counters' (many of them, without a doubt, were only critical) was also a fatal mistake. It brought about unnecessary alienation among substantial segments of the social strata on which the government's economic strategy relied for support. To the private sector, and members of the middle class in general, the infringement of civil liberties and the state's apparent monopoly of power confirmed many of their time-honoured perceptions of what socialism means in reality. As I have already documented in chapter 7, revolutionary manners, coupled with the bullying techniques used by the government to coerce them into the areas demarcated by the state for private sector investment, constituted the bottom-line in the tense and uneasy relationship which developed between the PRG and the private sector. That this relationship could have been handled better deserves no emphasis. What danger was there, for instance, in allowing the private sector to publish its reports with news about business developments, locally and internationally?

At this point the context in which the development strategy of the PRG was formulated and implemented need some consideration. Two aspects stand out, viz, the question of size and the issue of non-capitalist development.

With respect to the former, it is worth recapitulating the PRG's perspective on the issue. Though recognising the obvious limitations of small size - notably narrow resource configuration, limited domestic market, dearth of skills (often exacerbated by migration), and problems

associated with economies of scale - the PRG did not regard smallness, in itself, as a binding and effective constraint on economic transformation. Adopting the position of the New World Group (exemplified by Lloyd Best's celebrated essay 'Size and Survival') the revolutionary government regarded imperialism as the underlying and by far the more fundamental problem. Much empirical evidence can be drawn from their experience to support this hypothesis.

The economic aggression and various forms of destabilization (aggravated by persistently deteriorating terms of trade) which Grenada was subjected to in the wake of the government's resolute efforts to mitigate dependency and underdevelopment were clear manifestations of the sinister side of imperialism and asymmetry in the international milieu. Without a doubt, these imperialist machinations and exploitative practices were far more debilitating in their effects on the country's developmental problems and prospects than the mere physical constraints of size. The carefully orchestrated campaign of 'propaganda destabilization' waged by the United States, for instance, brought about a virtual dislocation of Grenada's tourism sector almost overnight. The impact of this dislocation on the economy as a whole was just as calamitous as a destructive hurricane or typhoon in a small island. It must be stressed that, unlike a hurricane, acts of external aggression and imperialist domination and exploitation are 'man-made' and as such they can be avoided. At the very minimum, countries with powerful economic and political clouts must respect the sovereignty of other nations no matter how tiny they may be. Above all, it was the constant violation of this principle which dogged the process which the PRG were seeking to develop.

Indeed, leaders in small states (not least of all the Caribbean) can learn a lot from the Grenadian experience about the role of size in economic

transformation. The most important lesson in this regard centres on the perception of size. Should smallness be regarded as a 'problem', 'handicap', 'disadvantage', 'curse'? Does it necessarily have to mean 'powerlessness' and 'helplessness' in economic affairs, and complete lack of control over the destiny of a state as leaders and policy-makers in the region generally believe?

To the credit of the PRG smallness was not perceived in such fatalistic terms. The regime demonstrated unequivocally that a large measure of a country's economic performance (regardless of its size) depends on the type of policies it pursues. No country can be too small to increase (and ultimately maximise) the benefits from its available resources. This was the linchpin of the government's development strategy - witness the emphasis on the rehabilitation of all usable capital stock, the rational utilisation of all idle resources (financial, material, and human), the development of linkages between the various sectors of the economy, and the concerted effort to transform the consumption patterns of Grenadians (popularised in the slogan 'buy local and eat local').

Policies of this kind were technocratically very sound and, indeed, they remain so. They clearly had the potential of transforming the Grenadian economy. But a sound economic strategy, by itself, cannot generate economic transformation. There must be a complementary political strategy, one which reflects the interests and aspirations of the population at large. The relative dearth of all type of resources means that the entire population must be mobilised in the arduous task of economic reconstruction and development.

With respect to economic organisation, the adoption of a mixed economy schema was quite appropriate given the ownership structure in the island.

This realism contrasts sharply with the type of political organisation which the PRG attempted to erect in Grenada. Rejecting the Westminster model of parliamentary democracy on the grounds of its inherently divisive and non-participatory nature, the PRG - guided by the Soviet-formulated theory of non-capitalist development - slavishly adopted the political formulas, institutions, and ideology of the Communist Party of the Soviet Union (CPSU) instead of seeking to devise a 'Grenadian model' tailored to suit Grenadian realities. The decision proved to be fatal given the objective constraints (internal and external) against which the model had to struggle.

Among those which need to be recalled at this point are (i) the overwhelming petit-bourgeois nature of the island's social structure (starkly manifested in their deep attachment to private property-particularly land and the insignificant size of the working class), the tremendous importance (and retarding influence) of religion in the social and cultural life of the population, the absence of a collectivist/communally-orientated culture, a profound respect (firmly entrenched in the island's historical development) for British values, ideas, and institutional practices, and - last but certainly not least - geopolitical constraints given the national security concerns of the United States. Viewed as a whole the odds against charting the path successfully were formidable. Metaphorically speaking, it was like trying to make Russian Vodka from Grenadian Nutmeg. Ironically, this was recognised by the leaders of the revolution as Bishop's 'Line of March' address clearly reveals. But in their view socialism via the non-capitalist route was possible providing they adhere to firm Marxist-Leninist measures and obtain generous moral and material support from the socialist bloc, especially the Soviet Union (perhaps on the scale of that obtained by Fidel Castro's Cuba).

But the warm embrace which was expected from the Soviet Union did not materialise. Against the fondest wishes of the NJM leaders, Grenada was regarded by the Soviet Union as a small, distant island - located in an area of relatively low priority. Its small, fragile economic base (totally lacking in strategic resources) meant that it was not able to complement the Soviet economy to any significant degree.

Given these realities, the Soviet Union calculated (quite correctly) that the costs of cultivating intimate relations with the NJM regime could prove to be exorbitant in both political and economic terms. This sober assessment contrasts sharply with the romanticism and adventurism which the PRG exhibited in the direction of their foreign policy. Openly defiant against the United States and strongly pro-Soviet, this foreign policy further multiplied the odds against the regime charting the path of non-capitalist development successfully. On the economic front, especially, it proved to be highly counter-productive given the hostility which it attracted from the U.S. and the tremendous influence which the U.S. wielded in the West. The application of firm Marxist - Leninist measures in these circumstances sharpened the contradictions further and ultimately overwhelmed the revolution, leaving the U.S. to execute the coup de grâce. This was the logical outcome of adopting lock, stock, and barrel an ideology and a political organisation which were completely out of line with the prevailing realities in the island.

Those who cherish socialist solutions to West Indian problems have much to learn from the Grenadian experience. The lessons must be full incorporated in their political programme. The cardinal lesson is that the route to socialism must be congruent with the local socio-economic, socio-cultural, and geopolitical realities. This calls for innovation, creativity, and adaptation rather than wholesale emulation of alien,

authoritarian models which bear no close relationship with the concrete conditions in the region. Since economic dynamism, material advancement, and social justice constitute the bottom-line of the project, every effort should be made to develop - at the very minimum - a modus vivendi with the U.S. and other Western States - the 'natural trading/economic partners of Caribbean economies given their close propinquity and resource endowment. The material benefits to be gained from maintaining some level of integration in the international capitalist economy should never be sacrificed in the name of 'socialist purity', especially since the socialist countries are yet to prove themselves to be a viable and effective substitute in this regard.

Appendix 4:A:1

contd.

The Process of Becoming a Full Member of the NJM Party

The applicant has to wait for one year before he or she can be considered to be a 'candidate member'. The criteria for success embrace five points:

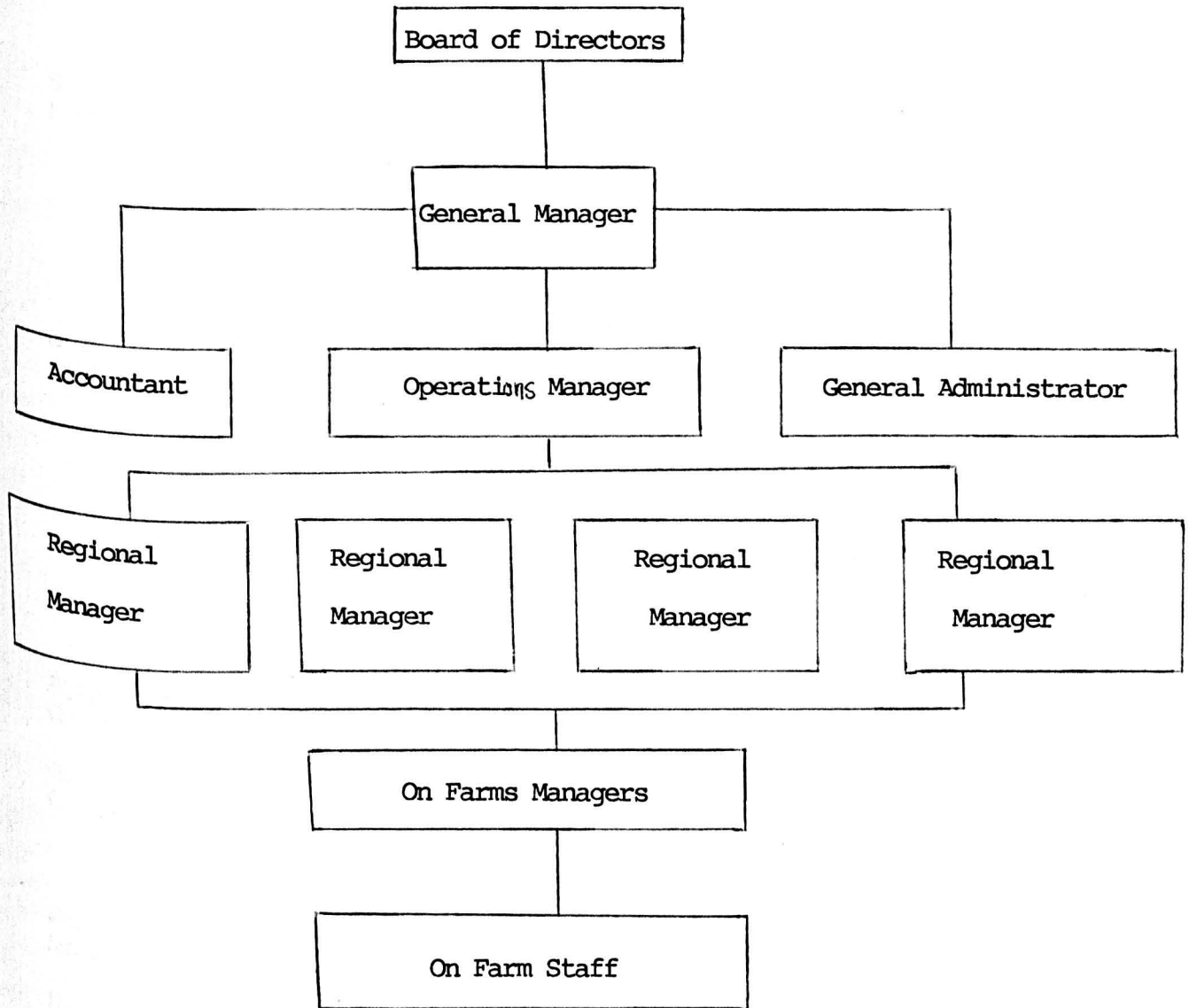
- (i) Acceptance of Marxist-Leninist principles and willingness to pursue further development.
- (ii) Assessment of how the applicant performs political work.
- (iii) The degree to which the applicant practices party discipline.
- (iv) Relations with the masses.
- (v) Character of the applicant (petty bourgeois traits such as individualism, unreceptiveness to criticisms, arrogance, indiscipline are anathema while 'proletarian qualities' such as respect for the masses, co-operative-ness, modesty are definite assets).

If eventually accepted the applicant becomes a 'candidate member'. After performing for one year he can apply to become a full member. To be successful he must excel in the following:

- (i) Possess the essence of good Marxist-Leninist leadership (i.e. includes ability to analyse and cope with different situations by correctly applying the right strategy and tactics).
- (ii) A 'professional' approach to political work (i.e. application of Leninist standards of discipline, consistency and rigour).
- (iii) Ability to guide junior party comrades.
- (iv) Development of a Leninist character and example to the masses and party comrades.
- (v) Good relations with the masses.
- (vi) Technical and professional skills to carry out political tasks.

Source: Line of March Speech by Maurice Bishop, September, 1982, in Seabury and McDougall, 1984, pp.84-85).

Appendix 5:A:1

Managerial Structure of the Grenada Farms Corporation

Source: See Caribbean Development Bank, 'Grenada Farms Corporation - Agricultural Development - Grenada', December 1980, figure 11.

Appendix 5:A:2List of Co-operatives Instituted by the PRG

Name of Co-operative	Location	Type of Operation	Possible Effects
Sand Pebbles Restaurant I	The Carenage St.George's	Public Catering	Building is sublet. Lease can be terminated. Initial drop in sales. Business may return to normal in the near future
Sand Pebbles Restaurant II	Halifax St., St.George's	Public Catering	Presently has a five-year lease on the building. At end of five years owner may not lease property. Sales have been effected in the short run, drop in sales.
G'da Co-operative Publishing Society	Melville St.	Printing	Has not, as yet, arrived at agreement on purchase of property from original owners. Owners may choose now not to sell property. Original owners may want to return into the business. Thus necessitating closure of co-op.
River Sallee Construction Co-op	River Sallee St.Patrick's	Construction	-
Grenfruit Women's Co-operative	Palmiste, St. John's	Food Processing	Presently, business is shut. Uncertain as to the resumption of production.
Sauteurs Women Sewing Co-op	St.Patrick's	Garment production	-
St.Andrew's Woodworking Co-op	Sendall St. St.Andrew's	Furniture	-
Chantimelle Furniture Co-op	Union, St.Mark's	Furniture production	?
Jamescraft Production Co-op	Perdontemps, St.David's	Craft production	-
Coleen Agricultural Co-op	Beausejour, St.George's	Agricultural production	Co-op is on Government property. Depends upon the policy of new administration to Government owning

Name of Co-operative	Location	Type of Operation	Possible Effects
Brizan Agricultural Co-op	Perseverance, St. George's	Agricultural production	
Butler's Agricultural Co-op	Beausejour, St. George's	Agricultural production	May encounter legal problems concerning land ownership.
Unity Agricultural Co-op	Bailes Bacolet, St. David's	Agriculture	Co-op is on lands recently acquired by Government. Property may be returned to owners.
Herbs and Greens Agricultural Co-op	Byelands, St. Andrew's	Agriculture	-
Tivoli Young Workers Agricultural Co-op	Pointzfield, St. Andrew's	Agriculture	Land ownership problems may surface here also.
United Workers Agricultural Co-op	Pearls, St. Andrew's	Agriculture	Land ownership problems.
Fontenoy Fishing Co-op	Fontenoy St. George's	Fishing	-

Source: Ministry of Planning, 'Analysis of the New Co-operative Societies,

Appendix 5:A:3Capital Expenditure in Agriculture for 1982 (Planned and Actual)

Project/Enterprise	Planned Budget	Actual Out-Turn	% Achieved
Feeder Roads II	2600.0	1278.1	49.1
Farm Roads	2088.0	2052.8	98.3
Banana Rehabilitation	250.0	172.0	69.0
Land Reform Project (YEP)	4000.0	1057.9	26.4
Carriacou Agri-Development Project	400.0	126.1	31.5
Fertilizer Blending Plant	-	10.0	-
Aerial Survey	90.0	90.3	100.3
Irrigation/Drainage	8.8	8.8	100.0
Soil/Plant Ding.Lab	30.0	30.0	100.0
Carriacou Sheep Development	203.0	61.5	30.3
Mardigras Soil Conservation	264.4	276.0	104.4
Ext.Agric.Building	36.2	36.2	100.0
Mirabeau Training School	23.0	23.0	100.0
Farm Machinery Pool	500.0	1512.1	302.4
Planned	9858.4	5077.4	51.5
Additional	635.0	1657.4	261.0
Total	10493.4	6734.8	64.2

Source: PRG, Report on the National Economy for 1982..., Appendix 1, p.140.

(in Ec\$)

	Total Expenditure by Tourists	Impact on Economy	Tax Revenues generated by col. (2)	Tourism Budget (1968)	Ratio of col. (3) to col. (4)	Wages generated by col. (2)
Antigua	17,848,000	41,050,000	6,157,500	75,000	82/1	9,031,000
St. Kitts, Nevis	2,048,000	4,710,000	706,500	18,000	39/1	1,036,000
Montserrat	1,540,000	3,542,000	531,000	20,000	26/1	779,000
Dominica	1,225,000	2,817,500	423,000	12,000	35/1	620,000
St. Lucia	2,720,000	6,256,000	938,000	80,000	12/1	1,376,000
Barbados	32,940,000	75,762,000	11,364,000	846,000	13/1	16,668,000
St. Vincent	2,025,000	4,658,500	699,000	50,000	14/1	1,025,000
Grenada	5,000,000	11,500,000	1,725,000	57,000	30/1	2,530,000
Trinidad & Tobago	30,805,000	70,851,500	10,628,000	924,000	12/1	15,587,000

Source: Zinder Report, op.cit., p.48.

Appendix 6:A:2 Remarks made by Visitors about Grenada's Restaurants

- (i) 'Services in the restaurants need to be improved'.
- (ii) 'Food in most restaurants is superb, but service is certainly lacking'.
- (iii) 'Food is expensive'
- (iv) 'Restaurant food poor in quantity and quality'
- (v) 'Few cafes have fresh fruit juices - food often unimaginative and in short supply'
- (vi) 'I particularly liked the seafoods, the secluded beaches and the natural beauty of the island'
- (vii) 'Lack of good restaurants in St.George's and other places around the island'
- (viii) 'Not enough use of local food products in restaurants, e.g. spices and vegetables'
- (ix) 'Food in restaurants good, but service poor'
- (x) 'Restaurants were unorganised - service took much too long, although the food was good when it came'.
- (xi) 'Needs more seafoods'
- (xii) 'The food I found was very good and we were able to enjoy it unlike other countries we have visited'

Appendix 7.A:1 List of Products considered inThe Technical and Material Supplies Plan, 1983

- | | |
|---|---|
| <p>1. <u>Construction Materials</u></p> <p>Cement
Concrete blocks
Paints and varnishes
Lumber
Plywood
(Steel and Steel Products)
Mild Steel
Steel Rods
Steel Bags
Steel Wire
Steel Pipe
(Galvanised Products)
Sheets
Pipes
Nails
Till Locks
Adhesive Material
Wood Glue
Screws
Sand Paper
P.V.C. Pipes
Foam</p> <p>2. <u>Petroleum and Petroleum Products</u></p> <p>Gasolene
Dieselene
Kerosene
L.R.G. Cooking Gas
Lubricating Oils
(Hydraulic Fluids)
Brake Fluid
Talvs 37
Lubricating Grease</p> <p>3. <u>Agricultural Materials</u></p> <p>Fertilisers
Pest and Disease Control
Chemicals
Plants and Seeds</p> <p>4. <u>Food and Related Items</u></p> <p>Rice
Powdered Milk
Condensed Milk
Evaporated Milk
Flour
Refined Sugar
Crude Sugar</p> | <p>5. <u>Office Supplies</u></p> <p>Duplicating Paper
Photocopying Paper
Duplicating Paper
Envelopes
Typing Paper
Stencils
Computer Paper
Foolscap Paper
Other Office Supplies
(in terms of value)</p> <p>6. <u>Graphics Materials</u></p> <p>Cover Paper
News Print
Graphic Arts Film
Printing Plates
Printing Ink</p> <p>7. <u>Packaging Materials</u></p> <p>Jute bags
Plastic bags
Ice Cream Containers
Carton
Bottles
Ice Cream Cones
Visc rings
Labels
Caps
Field Boxes
Staples
Coffee bags
Cans and ends
Other packaging materials
Ice Cream Spoons
Sifters</p> <p>8. <u>Industrial Chemicals</u></p> <p>Chlorine
Hydrochloric Acid
Cationic Emulsiphier
Aluminium Sulphate
Capilla Oil
Flavouring syrup
Deodorised fats
Butter fats</p> |
|---|---|

9. Transportation Accessories
 - Tyres
 - Tubes
 - Batteries
10. Explosive Materials
 - Detonators
 - Gelatin
11. Equipment (expressed in terms of value)
 - Industrial Equipment
 - Transport Equipment
 - Agricultural Equipment
 - Communication Equipment
 - Construction Equipment
 - Education Equipment
 - Office Equipment
 - Laboratory Equipment
 - Other Equipment
12. Spares (expressed in terms of value)
 - Industrial Spares
 - Transport Spares
 - Agricultural Spares
 - Communication Spares
 - Construction Spares
13. Asphalt Products
 - Emulsion RS - 1
 - Bitumen RC - 2
14. Animal Feed

Source: PRG, Report on the National Economy for 1982...., pp127-130.

Appendix 7:A:2 List of Potential Industries

- | | |
|---------------------|---|
| Agriculture | 1. Fruits and Vegetables processing |
| Foods and Beverages | 2. Sugar |
| | 3. Chicken Parts |
| | 4. Gravy browning and seasoning sauces |
| | 5. Cocoa - related products |
| | 6. Mineral water |
| | |
| Agricultural Inputs | 1. Animal feeds |
| | 2. Agricultural tools and implements, processing machinery, repairs |
| | 3. Packaging materials |

Construction
Building Materials

1. Building blocks and tiles (from clay and possolanic materials)
2. Parquet flooring (especially from coconut trunks)
3. Burnt Lime (based on coral)
4. Cement - fibre roofing
5. Fibre - asphalt roofing (-Baggasse, waste paper or other fibrous material can be formed into sheets, impregnated, corrugated, and reflected - coated. E.g. these processes have been developed in India and France).
6. Coconut trunk roofing tiles
7. Boat building

Energy:
Non-Conventional
Energy

1. Fuel Alcohol (from low-grade cane).
2. Solar energy

Tourism

1. Hotel Construction
2. Entertainment Complexes
3. Condominiums
4. Luxury Housing
5. Low Cost Tourist Villages
6. Marine and Yacht Renting Facilities
7. Sightseeing Business
8. Aqua Sport Facilities

Other Products
and Services

1. Tyre remoulding
2. Banana fibre (can be used for garments as is currently done in the Philippines).
3. Coir products (brushes, ropes, etc.)
4. Electronics assembly
5. Packaging Materials
6. Can-making
7. Secondary wood products (eg furniture)
8. Knock-down furniture
9. Fibre glass products (e.g. yachts and furniture)
10. Garment manufacturing
11. Cement Production
12. Nutmeg Oil Distillation
13. Batik Artwork
14. Battery Production
15. Liquid and Solid Detergents.

Source: Grenada Investment Code, June 12th, 1981, pp.39-42

N.B. This list of possible industries was based largely on tests and studies (pre-feasibility and feasibility) carried out by specialists associated with the PRG.

Appendix 7:A:3 Enterprises Granted Government Concessions

contd.

1980 - 1983

1.	Furniture	-	Duty free raw material and equipment
2.	Furniture and Interior Design	-	Duty free raw materials
3.	Hats, Bags, Purse etc.	-	Duty free raw materials and machinery
4.	Hand bags, shopping bags etc.	-	Duty free raw materials
5.	Baking products	-	Duty free raw materials
6.	Baking Products	-	Duty free 2 Vehicles and stand-by generator
7.	Food products	-	
8.	Assembling gas range, fridges, kerosene stoves etc.	-	Duty free raw materials
9.	Assembling radios, TV sets stereos, amplifiers etc.	-	Duty free raw materials
10.	Muffler project	-	Duty free raw materials
11.	Car & truck tyre	-	Duty free raw materials
12.	Radiators & Mufflers	-	Duty free raw materials
13.	Detergents, dish washer liquid etc.	-	
14.	Mfc. Concrete blocks	-	Duty free material
15.	Lingerie	-	Duty free \$500,000 raw materials
16.	Duty	-	Duty free raw material, \$100,000 building material
17.	Garment	-	Duty free raw materials & equipment
18.	Garment	-	Duty free raw materials \$900,000
19.	Garment	-	Duty free raw materials & equipment
20.	Perfumes	-	Duty free raw materials & equipment
21.	Plastic Bags	-	Duty free machinery, \$25,000.00
22.	Plastic Bags	-	Duty free machinery and raw material
23.	Plastic Bags	-	Duty free raw material
24.	Manufacture areated soft drinks	-	Duty free machinery \$17,000.00
25.	Manufacture beers, guinness, malt	-	
26.	Produce foam, pillow mattresses	-	Duty free raw materials
27.	Furniture upholstering, mattresses	-	Duty free raw materials
28.	Poultry & pig farm	-	Duty free raw materials, equipment vehicles
29.	Mfc. & repairs of shoes bags, belts etc.	-	Duty free on tools and raw materials
30.	Door mats, furniture etc.	-	Duty free equipment \$500,000
31.	Mfc. rubber stamps	-	Duty free equipment \$6,500
32.	Colour processing laboratory	-	Duty free equipment \$69,300.00
33.	Data Processing	-	Duty free equipment & furniture

Enterprises Granted Concessions in 1983

1.	Poultry Operations	-	Duty Free Equipment
2.	Envelope	-	Duty Free Raw Materials and equipment. Three years tax free concession and exemption from with-holding tax, permission to borrow locally.
3.	Manufacturing of Macaroni	-	Duty Free Bags and Cartoons. Two years tax holiday
4.	Manufacturing toilet paper and paper napkin	-	Duty Free raw material and equipment
5.	Furniture	-	Duty free raw material and equipment
6.	Pastry Operations	-	Duty free on Gas Oven
7.	Apartment Rooms	-	Duty free Building materials, tax concession ten years (5 sliding scale) Dep. Allowance Waiver of withholding tax and transfer tax.
8.	Expansion of Hotel	-	Duty free building material and equipment
9.	Furniture	-	Duty free 40KV generator
10.	Garments	-	Duty free equipment and raw materials
11.	Furniture	-	Duty free raw materials
12.	Garment	-	Duty free raw materials & equipment
13.	Furniture	-	Duty free raw materials & equipment
14.	Cosmetic (Perfumes)	-	Duty free raw materials & equipment plus tax holidays
15.	Sewing school shirts etc.	-	Duty free concession on raw materials

Source: A. Boatswain, 1984, op.cit., p.144

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