FJM-26 The Commonwealth Caribbean II The Economics of Power

Port of Spain, Trinidad March 1, 1971

The acquisition of constitutional independence in the Past decade has brought self-government to the Commonwealth Caribbean. Each state has its election every five years, its House of Assembly or Parliament, its Prime Minister or Premier, representatives, opposition party, flag and national song.



Left to right, The Leadership of the Commonwealth Caribbean today: Hugh Shearer, Jamaica; Forbes Burnham, Guyana; Paul Southwell, St. Kitts-Nevis; Erroll Barrow, Barbados; Eric Gairy, Grenada; Bramble, Montserrat; John Compton, St. Lucia; Eric W. Williams, Trinidad.

This newsletter is adapted from a chapter on the Commonwealth Caribbean states included in a forthcoming book, <u>The United</u> <u>States and the Caribbean</u>, edited by Tad Szulc and published by Prentice-Hall. Nevertheless, political independence has not greatly affected the traditional colonial class structures that have persisted since the days of slavery, in spite of the local political and administrative bureaucracies that have developed since 1945. Despite the election of black politicians in every Commonwealth Caribbean state, expatriates or West Indians of European origin still exercise almost total control over the levers of economic power. The structure of the societies in the Commonwealth Caribbean states clearly reflects this.

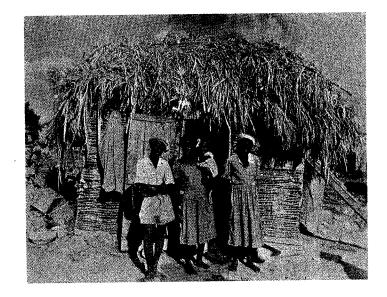
At the top are the expatriate managers of the economies, those who own and control the major commercial and industrial components of the region: the managers of Bookers or Tate and Lyle sugar estates; the managers of Geest's banana industry; the directors of Kaiser, Alcoa and Reynolds bauxite operations; the owners of the various hotels, night clubs and tourist facilities; the hundreds of bank managers for Barclays, Nova Scotia, Royal Bank of Canada and Chase Manhattan.

Then there are the local West Indian elites. Very few and principally white, they share in, and often represent locally, the interests of the expatriate investors. Perhaps the most important in this regard, the classic example, is the Ashenheim family in Jamaica. They own or control no less than 45 different corporations or businesses, including four insurance companies, six development companies, one bank, two public service corporations and Jamaica's only daily, The Daily Gleaner. In addition to business interests, the head of the family, Sir Neville, is Minister of State in the Ministry of Finance and Planning, and leader of government business in the Senate.

Mr. Leslie Ashenheim



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Next are the middle class professionals and technocrats, primarily of mixed racial origins and employed in middle management positions within the business sector or as civil servants. This class is very small, overworked and caught in the undesirable position of knowing what the majority of the population must endure below while acquiring a reasonable share of the benefits, goods and services that come from above. As teachers, doctors, lawyers and technicians, these West Indians represent the intellectual elite of the regional society and from among them most often comes the

leadership of the movement for radical change.

Then there are the 20-25,000 industrial, mining and petroleum workers that are employed by the multi-national corporations such as Kaiser Aluminum in Jamaica, Texaco Oil in Trinidad and Reynolds Metal in Guyana. These workers, totalling only 2 per cent of the entire regional labor force, form what one trade union leader called an "aristocracy of labor," a highly skilled and well-paid work force that receives wage and fringe benefits that are about equivalent to those obtained by the average English or French worker. Usually, the company provides these men and their families with housing, free medical care, insurance programs and recreational facilities, which, as a result, set them apart from the mass of ordinary West Indian workers.

There is, then, the remaining 98 per cent of the regional labor force which breaks down as follows: the non-elite, yet fully employed workers numbering approximately 515,000, or 28 per cent of the total labor force; the under-employed workers, numbering 900,000 and representing 50 per cent of the labor force; and, finally, the unemployed that number at least 350,000 and represent 20 per cent of the overall labor force of the region. These West Indians and their dependents are almost entirely of African or East Indian origin and account for 90 per cent of the total population of the Commonwealth Caribbean. Yet the physical conditions of their lives reveal a level of material poverty that is at the core of the Black Power movement. Apart from the elite industrial workers, the West Indian fortunate enough to find a full-time job will earn as little as \$7-\$11 per week in the smaller states (in Grenada, average wages are 16 cents an hour, \$1.28 per day and \$7.78 per week), or \$10-\$14 per week in the larger states. For the under-employed worker, usually a part-time agricultural worker who works only 6 to 7 months of the year, the wage level is an average of \$12 per week. The per capita income of the region (\$145 in the small states, \$235 in the larger) does not project the actual inequitable distribution of land, wealth and other resources that is standard for the area. In Trinidad, for example, Trinidadians of European origin earn an average income of \$500 per month, when Afro-Trinidadians earn an average wage of only \$104 a month and those of East Indian origin, \$77 per month. Again, in Jamaica, a recent study completed by the University of the West Indies shows that 5 per cent of Jamaica's families accumulate 30 per cent of the national goods and services, while 60 per cent of the families must do with only 19 per cent of the country's resources. In Barbados, fifteen large

sugar estates own the entire central portion of an island where the density of the population (1,400 per square mile) is one of the highest in the world. In many of the small islands the same is true, so that, for example in St. Kitts, the black population, cramped for space and tightly housed, is forced to occupy the land that is least productive, in this case the outer edges of the island's shore.

Housing conditions for the black West Indian are very bad. The rate of construction has not kept pace with the growth of the population, so that in wooden, two-room homes, as many as nine to twelve inhabitants share the space. Piped water and sewage systems are a luxury, particularly in the villages of the region, where, as in St. Lucia, water is carried by buckets from central taps in the streets into the houses. In St. Vincent, not even the capital, Kingstown, has a sewage system; and in the rural areas, Vincentians lack even rudimentary facilities.

The vividness of a West Indian poet's description of these villages is represented in Ian McDonald's <u>The Weather in Shanty</u> <u>Town</u>:

No poets' words for shanty town: the weather kills and cankers every day. The black storm in the morning shakes through shanty town, The wind is like a flood amid the tilting huts. Woman stuff the cracked walls full with rags against the pour of rain. Their children play in drowning pools, laughing in the sudden mud. The black rain and the flail of storm is horrible: The sodden damp is stinking, the cess pits overflow, no dryness anywhere. The water pearls on black tin walls in sweating dews of filth. The wet air swims like slime in every space and lung. The rain is piss in shanty town, it brings no grace of silver. Another day the avid sun hammers the hard earth gold. Flies blacken the silver eyes of dead pigs in the dumping grounds. Dust stuffs the bright air streaming from the whole sky. It is hot as ovens, hot as engines, hot as deserts. Black vultures land with dusty wings to browse on heated filth; The children blaze with joy and race to catch them on the carrion grounds. The heat simmers, the sun sings in the air, torpor everywhere.

- The scums of old rain crack like scabs on beggars' sores.
- The brass of sunlight poisons shanty town, the hot air fumes with shame.
- The smell rises in a shimmering fog, a smell of death and guts.

The educational facilities for the region's 2.8 million children are as inadequate as their housing. The schools are overcrowded with three to five hundred students to a one-room building. There are not enough trained teachers and often the village teenagers are recruited to instruct. More often, however, they act as disciplinarians rather than as teachers. The educational system itself is antiquated. Though there is a literacy rate of 85 per cent throughout the region, schooling is more a training process than a learning process since the children are obliged to memorize and learn by rote. Further, the content of the courses is oriented almost entirely to Europe rather than the Caribbean and the students end up knowing the details of Nelson's victory over the French at Trafalger without the slightest awareness of the peoples living in the Island states around them.

Although the West Indian is usually vital and fit, the extreme povery of the population and the poor quality of the medical facilities result in malnutrition and worm diseases. For example, one of the most common sights in the Caribbean is a child with a swollen stomach, standing listlessly by the side of an unpaved village street. Most often, the cause is either malnutrition (protein intake in the Caribbean averages 39 grams per day, one half that required for a normally active person), or worms (a most common worm disease, schistosomiasis, has infected at least 80 per cent of the children in St. Lucia). Health services in a recent study completed in St. Vincent and Jamaica are described as "primitive," with government expenditures averaging only \$5 per person annually. Hospitals are overcrowded--there are reports of three persons to a single bed in St. Vincent--antiquated and obliged to perform curative to the exclusion of preventive methods of medical treatment.

Yet worse than the material poverty of the region is the state of mind of its inhabitants. The effects of three hundred years of colonization and its continuation in other forms today has conditioned large sectors of the population to believe that there is no other way to live, that the objective of each day is to endure until the next, to scrape together enough to survive. And to survive, the villager of the Caribbean has conditioned himself to be submissive--at least on the surface--so as not to incur the displeasure of the manager of the hotel, the white tourists on the beach or the proprietor of the local industry. As a result, particularly among the older men of the region, there is an apathy bordering on despair, a lack of energy that the elites of the Caribbean attribute to racial or cultural characteristics rather than to the black man's own realization that what work there is to be done each day does not benefit "we", but only "they". From the viewpoint of ninety per cent of the Commonwealth Caribbean's population, that is, from the impoverished bottom looking up, what is immediately apparent is the amount of wealth and economic power, largely expatriate-owned, concentrated at the top.

Sugar: This industry, traditionally the largest employer of the region, is so structured that a few British-owned firms control over 60 per cent of the region's cultivated acreage and over 85 per cent of the production process. One of the major producers in the region is Bookers which owns eleven of Guyana's thirteen sugar estates. The other two are owned by Jessell Securities Ltd., a London-based investment firm that also owns a Guyanese rum distillery, an investment company and a development corporation. Another major sugar producer is Tate and Lyle of Great Britain. Tate and Lyle has full or controlling interests in the largest sugar estates operating in Trinidad, Jamaica and British Honduras.

Bananas: The second agricultural industry in the region, bananas, is also expatriate-controlled. Elders and Fyffes, a subsidiary of United Fruit, has effective control of the shipping and marketing of Jamaica's annual banana production. Geest Industries, Ltd., also a British firm, owns the largest estates, as well as the shipping and marketing facilities of the entire banana production of Barbados, Dominica, St. Lucia, St. Vincent and Grenada.

Bauxite: The Caribbean bauxite industry, providing 80 per cent of the basic raw materials for the North American aluminum industry, is owned by five, multi-national corporations headquartered in North America: Kaiser, Alcoa, Reynolds and Anaconda in the United States; Alcan of Canada. These five companies together mine over 14 million long tons of bauxite from Jamaica and Guyana each year and account for over 50 per cent of the region's export earnings.

Oil, petro-chemicals and natural gas: These industries, located primarily in Trinidad, are entirely American-owned. Texaco, which operates the fifth largest oil refinery in the world in Trinidad, processes together with Shell Oil's refinery an average of 157 million barrels each year. This oil represents 25 per cent of Trinidad's gross national product and 80 percent of the country's total exports. Trinidad's petro-chemical industry, centered at Federation Chemical in San Fernando, is owned by W. R. Grace and Co. of New York. The nation's newly discovered natural gas deposits (now producing 500 million cubic feet per day and expanding rapidly) are already bargained away to Pan American Oil, a subsidiary of Standard Oil of Indiana. <u>Tourism</u>: Reflecting the patterns of the other major industries, the Commonwealth Caribbean's tourist facilities are also foreign-controlled. For the smaller island states, dependent almost exclusively on their tourist industries, the domination of expatriate-owned hotels is almost complete. It St. Lucia, for example, eleven of the island's fifteen hotels are owned by North Atlantic interests. Over fifty per cent of the Jamaican tourist industry is in foreign hands--the other half controlled by a small Jamaican elite. In the Bahamas, the situation is even worse, since its tourist facilities are simply an appendage to Miami and, in many instances, quietly controlled by another American export, the Casa Nostra.

Land Development: Parelleling the regional tourist industry, hundreds of North Americans have capitalized on the Caribbean's sun and sea by buying up almost every piece of beach land available. At last count, there were at least 300 different real estate schemes through which North Americans could obtain 100,000 acres of prime beach land. The profiteering is on a large scale, and in a short period, roughly 250,000 North American buyers will have rezoned this land and built winter homes on it.

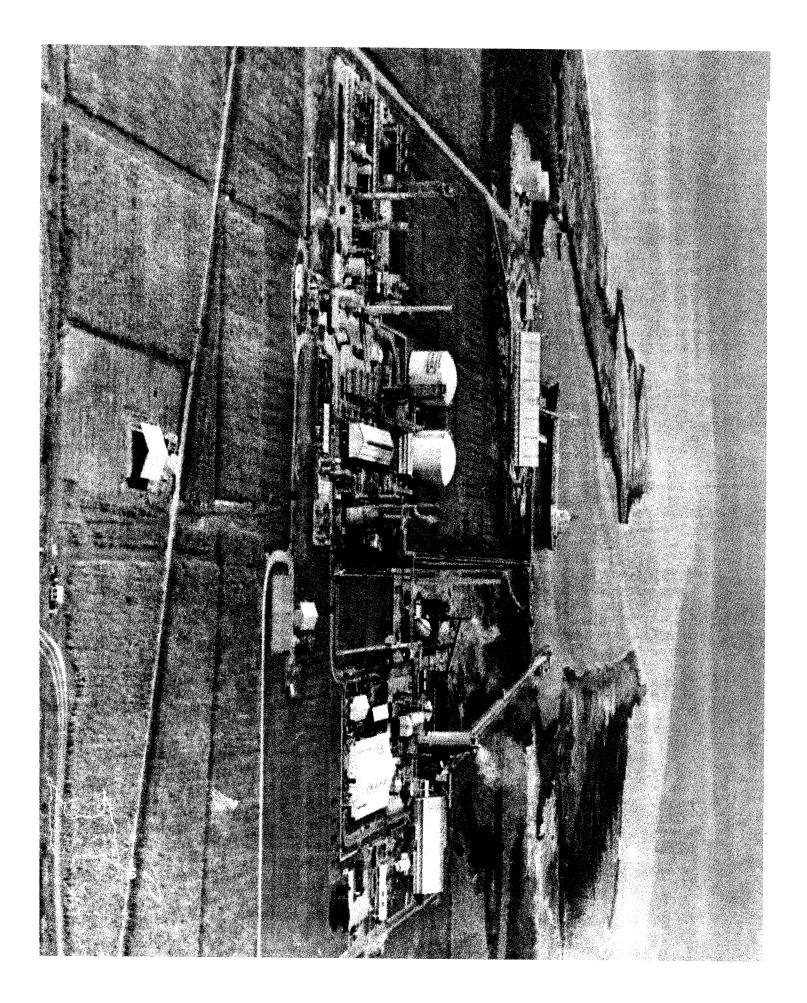
<u>Transport</u>: The regional transport facilities, particularly the air services, are likewise owned by North Atlantic interests. Bahamas Airlines is 80 per cent controlled by the London-based Swire Group, a family firm that owns the largest regional air carrier in the Far East--Air Cathay Pacific. Air Jamaica is 60 per cent owned by Air Canada. And the major air carrier of the Caribbean, British West Indian Airways, has recently been sold, in part, to a New York investment group, Caribbean International Corporation. Today, two of three BWIA board members are North Americans.

<u>Communications and mass media</u>: Throughout the region, television, press and wire services are dominated by North Atlantic corporations. CBS and NBC have contracted most of the television programming and hold large shares in the local affiliates. Daily newspapers, with few exceptions, are owned by British interests; and the only wire services operating in the region are Reuters, AP and UPI. Eighty per cent of the films shown in local theaters are Americanmade.

As a direct result of this expatriate (increasingly North American) grip on the regional economy, the traditional colonial relationship--and the consequent material and psychological underdevelopment--has not been altered at all, but rather re-enforced. As has been the case for three hundred years, the Commonwealth Caribbean is still dependent upon and exploited by North-Atlantic metropoles. The foreign sugar interests have maintained a traditional control of the best agricultural lands throughout the region so that no Caribbean government has been able to carry out badly needed land reform or crop diversification programs. Instead, the rural population has been confined to small one or two acre plots of land while the region continues to import almost its entire food supply. Because two privately-owned, foreign companies dominate the regional banana industry, growers in Jamaica and the Eastern Caribbean states are continually vulnerable to the damaging effects of price-cutting whenever one or the other company attempts to take a greater share of the British market. So as a result, not only are returns to the growers lower than they otherwise might be, but expatriate monopoly of the industry has prevented the Commonwealth Caribbean states from establishing a regional shipping-marketing operation that would increase employment and profits substantially.

The multi-national corporate control of Caribbean bauxite results in a loss of profits, employment and structural development for the regional industry as a whole. The vertical (corporate) rather than horizontal (regional) integration of this industry means that vital economic decisions effecting the uses and processing of bauxite are made in the interests of the companies rather than the host countries where the bauxite is located. The processing of bauxite into aluminum, for example, is so structured that for every four long tons of dried bauxite shipped out of the Caribbean, \$893 flows to the United States with it. Since the various stages of processing bauxite into aluminum sheeting are completed outside the host country, the losses incurred are evaluated in stages. For example, one ton of prefabricated aluminum has 17 times the value of its equivalent in dried bauxite. Thus, four long tons of dried bauxite valued at \$25 reduces into two short tons of alumina valued at \$105. This alumina smelted into one ton of aluminum increases in value to \$382, and semi-fabricated into one ton of aluminum sheeting will have a final value of \$918. In terms of employment, Jamàica's bauxite industry now employs only 8,000 workers since the mining and drying process is capital rather than labor intensive. Were the entire process completed in the Caribbean an additional 42,000 jobs would be available. Thus the potential of the industry is grossly under-utilized in terms of the interests of the Commonwealth Caribbean states.

Tourism, so highly encouraged by a number of international agencies, metropolitan governments and West Indian politicians, has contributed almost nothing to the economic development of the Caribbean. Hotels are expatriate-owned, so that profits from the tourist industry do not remain in the region but are repatriated to North America. A steady, outward flow of tourist dollars is also quickened because the regional states must import most of the food and other



commodities consumed by the visitors. A recent study of Caribbean tourism completed by Zinder Associates in Washington finds that for every \$1 spent in the Commonwealth Caribbean states, \$.77 returns in some form to the metropolitan centers. Tourism has also resulted in an inflation in the cost of living for the people of the region. Land prices have soared. And the beaches have become playgrounds for whites only, while the indigenous population has been obliged to move to cheaper terrain, into the interior and hillsides away from the shore. This loss of the ownership of the land by the islanders has been the most obvious consequence of land development in the Caribbean. Hundreds of foreign real estate developers have made fortunes by buying up most of the land available and then selling it to eager North Americans looking for a tropical paradise. Even worse than tourism, which provides some jobs and a trickle of foreign exchange, these retirement homes and land schemes add little but luxurious, white ghettos to the regional landscape.

The effect on the psychology of the Caribbean peoples of foreignowned mass media has been described by West Indian novelist Andrew Salkey:

The popular expressions of the mass media in the Caribbean reflect the wretched client-status of the area. . .

The evidence of this is seen in the way our newspapers, cinemas, radio and television function less as initiating sources of communication and more usually as impoverished front offices through which imported and often irrelevant stuff is pumped, at a price and with convenient rake-off for our middlemen operators. . The concealed and distant deliberations of the controlling interests are, in the main, exploiting and culturally alienating in practice; in large measure engendered by the almost total absence of any intelligent, protective balance between projection of the images of our own society and the sponsorhip of those received from societies elsewhere. This imbalance tends to push us to the edge of self-loathing.

Considering this overview of the contemporary political economy of the region, an appropriate summation might be John Stuart Mill's own characterization of the Commonwealth Caribbean's economy in 1848:

There is a class of trading and exporting communities which are hardly to be looked upon as countries carrying on an exchange of commodities with other countries, but more properly as outlying agricultural or manufacturing establishments belonging to a larger community. Our West Indies cannot be regarded as countries with a productive capital of their own. . . The West Indies are the place where England finds it convenient to carry on the production of sugar, coffee and a few other tropical commodities. All the capital is English, almost all the industry is carried out for English use; there is little production for anything except the staple commodities, and those are sent to England not to be exchanged for things to be exported, but to be sold in England for the benefit of the proprietors there. The trade of the West Indies is, therefore, hardly to be considered as external trade; but more resembles the traffic between town and country, and is amenable to the principles of home trade.

It seems that only the metropole has changed.

Frank ME Donaed

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