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# Jamaica Under Seaga: 1981-1983

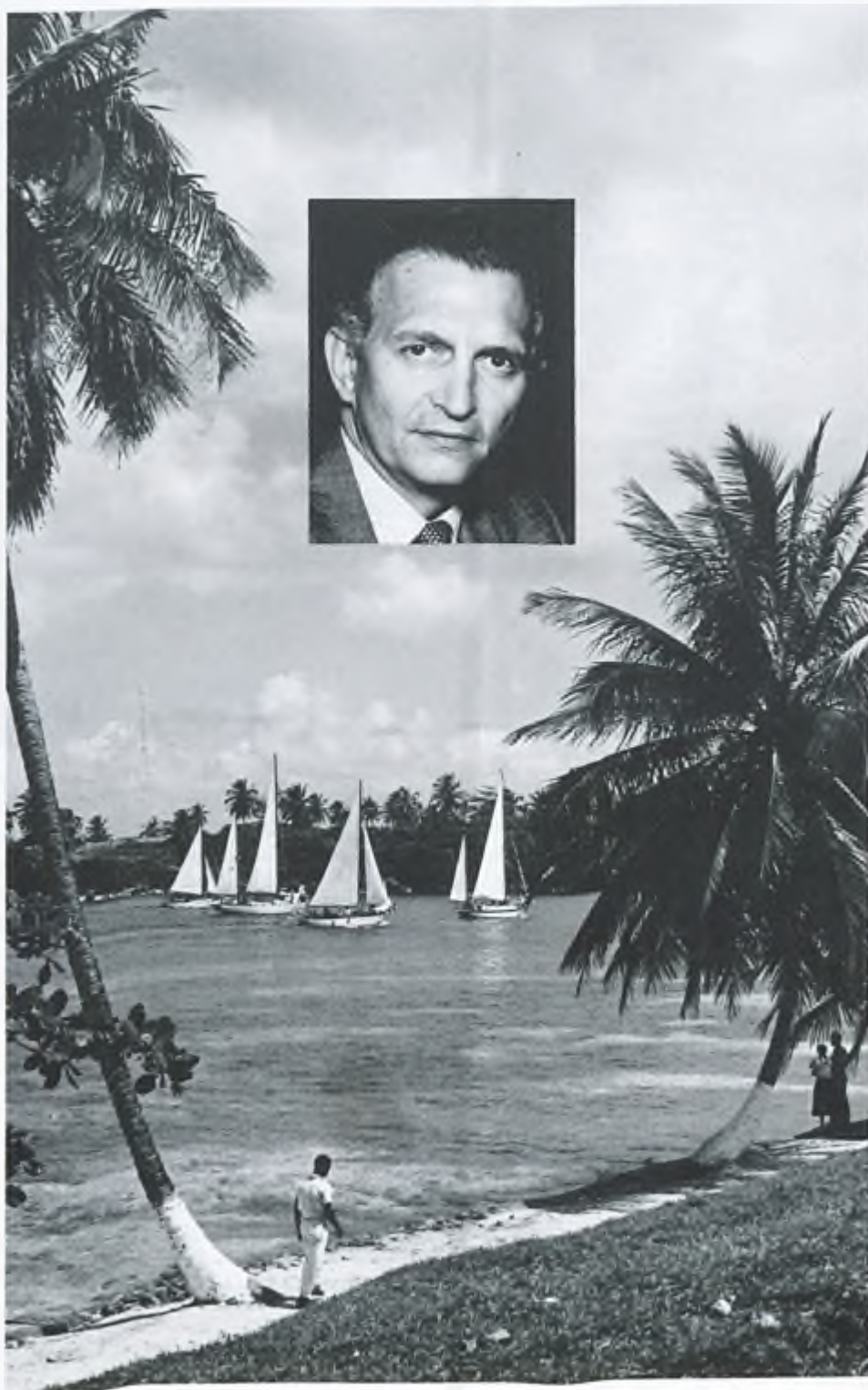
26 By Linus A. Hoskins

Prime Minister [Edward] Seaga viewed his [1980] election as "a declaration against Communism in Jamaica" and promised a moderate government following a nonaligned policy of good relations with all.<sup>1</sup> Describing his party's victory in the October 30, 1980 general elections as "an overwhelming mandate by the people of Jamaica," the prime minister has insisted that the victory enabled his government to "give the people the policies and programmes necessary to restore the economy." In his first official address to the people, he said:

*... We hope to offer, in this new era of our political life, the people of Jamaica a principled government. We hope to offer the people of Jamaica in this new era creative government. We hope to offer a government of sanity. We hope to offer a government that knows where it is going and can say so with conviction and with credibility. We hope to offer a government that will not have hostile relations with the international fora of the world, but will have good relations with the international community of nations and we hope to offer a government that has no quarrel within our domestic situation with those particular segments of our society which are the roots of our democratic system and our constitutional process . . .*<sup>2</sup>

According to some political observers, Seaga's landslide election victory represented "a mandate for (his) free enterprise programmes and a rejection of the socialist experiment of the former Michael Manley administration, which was accused of spreading poverty instead of wealth".<sup>3</sup>

The prime minister has indicated that his victory and similar conser-







vative swings in the Caribbean were "a message that we are ready to contain the expansion of Cubanism" and that the move away from the influence of the Soviet Union and Cuba has gained momentum because of economic mismanagement under socialist regimes. Seaga has said that another reason that Cubanism has failed to win support in the Caribbean was due to socialism's "ideological incompatibility" with Caribbean peoples' thinking and he reassured Jamaicans that with his electoral victory they were now "free of ideological adventurism".

*... The economic and ideological misadventure of the Marxist system was not acceptable to a people accustomed to the lifestyle and expectations of the market system. . . .*<sup>4</sup>

As an unabashed proponent of the free enterprise system, Seaga is convinced that Jamaica's bread is buttered in Washington and not, as his predecessor seemed to believe, in Havana or Moscow. As a result, he wasted no time in reversing Jamaica's political course in order to undo the damage which, he charges, has been caused by eight years of mismanagement and experimentation with Cuban-type solutions.<sup>5</sup>

In the foreign policy area, the Seaga administration is staunchly anti-Communist and stresses that its "first priority is to re-establish confidence in Jamaica as a stable pro-Western nation". According to the government's election manifesto, its policy is to halt what it sees as "the expansionist movement of Communist imperialism" and to "combat the threat of alien ideologies" in the region.

On the issue of nonalignment, unlike the Manley administration, the Seaga administration not only does not intend to play an aggressive role in the move-



ment but is also determined not to take a "high profile in any single direction". By adopting this "constructive role", the administration seeks to avoid "the advocacy of one cause or the other which could prejudice (its) ability to conciliate" its own national interests.

**T**he Seaga administration is also determined to stymie the "interference of foreign powers in (its) domestic affairs" and guided by the "greater principle of moral judgement", it has vowed always to commit itself "to the struggle against racist regimes, wherever they may be" and likewise those "regimes which violate human rights."

The government is also adamantly against "racist oppression and colonialism." According to the government's manifesto:

*... We support liberation movements against racism, oppression and colonialism. We do not accept that liberation movements can justify our support in any country whose nationals freely vote to establish or continue any political relationship. Nor do we support expansionist movements operating under the guise of liberation movements; and we condemn all the disguised attempts to infiltrate and exploit any country. . . .*<sup>6</sup>

And finally, with regard to regional interests, the [Seaga] administration regards the Caribbean as its "natural area of interest" with emphasis placed on the role of CARICOM, the Caribbean Bank and the University of the West Indies (UWI). Its overall policy position on the Caribbean is that "with closer cooperation for mutual benefit", Caribbean governments "can halt the expansionist movement of Communist imperialism operating under the pretext of a liberation movement."

Prime Minister Seaga's paranoid

obsession with the spread of "Communist imperialism" is directed toward Castro's Cuba. Indeed, throughout the 1980 campaign, Seaga threatened the Cubans by warning that they would not be welcomed "if they are becoming involved in (Jamaica's) domestic politics" and are bent on exporting revolution to the region.

*... If Castro wants to be accepted in this region, then he must be able to prove his credentials by not exporting revolution or ideology. We are rather firm in our belief that he exported revolution to Grenada, and . . . to Nicaragua. We believe that Cuban expansionism will continue through its role as a proxy for the Soviet Union. The Cubans set up Jamaica as their espionage center of the Caribbean so they could have easier access to subversives on other islands, who could come here to deal with them rather than going to Havana and risking exposure. How can you normalize relations with a country acting like that. . . .?*<sup>7</sup>

To demonstrate that he meant business, Seaga's first act as prime minister was to expel Cuban Ambassador Ulises Estrada, who left Jamaica on November 3, 1980 along with several other Cubans. In addition to the accusation that Cuba was "instrumental in smuggling arms and ammunition into Jamaica" during the 1980 election campaign, the Seaga government specifically accused Estrada of being involved in a scheme that illegally shipped 200,000 shotgun shells and .38 caliber pistol ammunition to Jamaica from Miami and of stockpiling M-16 rifles in the Cuban Embassy—rifles which were allegedly used to attack supporters of the Jamaican Labour Party (JLP) and the security forces.<sup>8</sup>

In January 1981, the Jamaican government terminated the "brigadista" program and immediately recalled all



Jamaican students who were in Cuba under the program. According to a State Department report, under the "brigadista" program, Cuba "trained about 1,400 Jamaican youths in Cuba as construction workers." Furthermore, "political indoctrination in Cuba formed part of this group's curriculum" during which the "youths received military training while in Cuba, including instruction in revolutionary tactics and use of arms."<sup>9</sup>

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**O**n October 29, 1981, after one year in office, the Seaga administration did the ultimate by breaking diplomatic relations with Cuba, claiming that Havana had sheltered/harbored criminals wanted for prosecution by police in Jamaica.<sup>10</sup>

And in December 1982, the Jamaican government refused to extend the work permit of Cuban journalist Godefroid Tchamlesso, who had been covering the Caribbean for eight years as chief correspondent for *Prensa Latina*. No reasons were given by the government for denying the extension.

Needless to say, the Jamaican government's decision to sever diplomatic relations with Cuba in 1981 was greeted with indignation by opposition parties, both in and out of Jamaica, and by the Cuban government. In fact, as a riposte to the government's bizarre, diplomatic action, Jamaica's opposition People's National Party [PNP] Vice-President and former Foreign Affairs Minister Percival Patterson headed a high-level delegation which left for Havana on November 11, 1981 "to discuss with Cuban officials the recent break of diplomatic relations with Cuba by the government of Prime Minister Edward Seaga"<sup>11</sup> and "to consolidate long-standing relations between the PNP and the communist party of Cuba".<sup>12</sup> The PNP condemned the government's decision, arguing that the government "had tendered no evidence that the men were in Cuba" and suggested that "several steps could have been taken to show displeasure short of severing relations". The PNP also called on the government "to allow freedom of movement to all Jamaicans wishing to visit Cuba".<sup>13</sup>

For its part, the government brought a parliamentary censure motion against PNP's General Secretary and opposi-

tion member of Parliament D.K. Duncan for "behaving in a manner prejudicial to the national interest." The government's Minister of National Security and Justice, Winston Spaulding, accused Duncan of making public statements "supportive of a foreign power with which Jamaica had severed diplomatic connections for behaving in a manner prejudicial to Jamaica's interest and particularly in respect to the island's security." The government's position was that by sending the top-level delegation to Cuba,

When he became prime minister in 1980, Edward Seaga stated that he inherited a nation that was 'lurching from crisis to crisis'.

the PNP "appeared willing to subordinate the interests of Jamaica to those of Cuba."<sup>14</sup>

Indeed the PNP was not the only political faction in Jamaica that rejected the government's diplomatic break with Cuba. In an opinion poll conducted in December 1981, "a majority of Jamaicans disagree(d) with the Seaga government's break in diplomatic ties with Cuba." The poll, which was conducted by JLP supporter political scientist Carl Stone, indicated a 48 percent disagreement with the decision, while 41 percent favored the action. Eleven percent had no opinion. The same poll also revealed:

*... as many as 21 percent of the ruling JLP's own supporters did not endorse the government's action. And among the opposition PNP supporters, some 91 percent of those interviewed were solidly behind their party's stand in objecting to the break in diplomatic relations with Cuba. The poll disclosed that JLP supporters and "independent opinion" were against the break largely because of the spurious reasons advanced by the government. . . .<sup>15</sup>*

**T**he Cuban government categorically denied the Jamaican government's charges that it harbored criminals wanted by police in Jamaica. Cuba responded by charging that the break in diplomatic relations "was carried out by the government of Seaga but was decreed in Washington... as one more step in the Yankee government's aggressive anti-Cuban strategy." The Cuban government also accused Seaga of attempting to be "the most loquacious leading choir boy of imperialism in the Caribbean".

### Domestic Policy

The cardinal features of the Seaga administration's supply-side economic philosophy are that "the private sector must save the country and that market forces would be allowed to have full play".<sup>16</sup> The government is guided by the belief that "the first lesson is that Socialism cannot produce economic growth" and that after eight years of Socialist policies which virtually turned Jamaica into a "giant slum", the only prescription that can restore economic vitality is an economy "which rewards personal initiative and enterprise." The specifics of this new philosophy are (i) reliance on the private sector (free enterprise) and foreign investment to be the "leader in the country's economic development" (ii) deregulation of the economy and (iii) an export-oriented structural adjustment program.

The government intends to rely on the "participation of the private sector through the provision of technology and managerial skills" to reverse the flagging fortunes of the important export crops, banana and sugar, and make a new thrust in housing.<sup>17</sup> In the area of housing, the government seeks to enter into joint-ventures with private reputable companies to develop low and middle-income homes. Two thousand homes were scheduled for building in 1982 under this arrangement. The government insists that "rent control would remain as a means of protecting the tenant" but as Minister of Construction Bruce Golding warns:

*... if the day should come when the supply reached saturation point, then the government would monitor the situation and if it demands, we will relax control*



progressively. But the fact that we cannot deregulate now, does not negate our position to deregulate in this section of the economy when we can...<sup>18</sup>

The Jamaican government has also placed a great deal of emphasis on attracting foreign investment. According to Prime Minister Seaga, Jamaica received 408 "serious" investment proposals worth over US \$550 million and requiring two and a half million square feet of factory space, as of September 1, 1981. The proposals represented an employment potential of 25,000 persons and consisted of US \$338 million in foreign investment (embracing 244 projects) and US \$218 million in local investment (covering 164 projects).

And in an attempt to coordinate/consolidate private sector and foreign investment policies, the Private Sector Organization of Jamaica (PSOJ) and a Joint U.S./Jamaica Investment Commission were formed, and in June 1982 the government established an Advisory Council to the Minister of Industry and Commerce "to further cooperation between itself and the private sector". The Council was also charged with monitoring "the implementation of structural adjustment and economic restoration programmes, including the deregulation of the economy."<sup>19</sup>

As mentioned, a major element of the government's free enterprise policy is deregulation of the economy. This "irrevocable" policy means that since private enterprise can run business more efficiently than government, then the government would try to divest itself of many public enterprises. For example, by July 1981, six publicly-owned enterprises with total assets of US \$137 million were sold to the private sector by the government Divestment Committee as a signal of the government's resolve that "governments should not run business enterprises." It should be pointed out that these public companies were set up by the PNP "in its attempts to control the commanding heights of the economy".

The Seaga government is now arguing that since the combined losses from these and other statutory corporations totalled US \$250 million over the past five years, then, its policy of divestment represents "an effort to get rid of uneconomic dead-wood which (is) a

drain on the public purse." The government has also indicated that it will not protect local businesses from foreign competition and further that the "process of protection" they enjoyed under the Manley government would be discontinued. The Seaga administration has argued that by permitting the importation of cheaper products, the cost of living will be reduced and the consumer also stands to benefit. As a result, local producers faced with cheaper products would be forced into the production of products "which

## Seaga's first act as prime minister was to expel Cuban Ambassador Ulises Estrada.

have viable markets in which they can compete."

In other words, the government has adopted what some political commentators have termed "a policy of doctrinaire capitalism".<sup>20</sup> As one Jamaican columnist observes:

*... (By this policy), the government will deregulate the economy and phase out all the various restrictions and licenses and red tape with which the Manley administration had entangled the private sector in its efforts to keep track of and control the flow of scarce foreign exchange...<sup>21</sup>*

The aim of deregulation was "to make a radical switch from the import-substitution approach used for the past 20 years to industrialization by export orientation".<sup>22</sup> And to show that it meant business, the government announced in July 1981 that "no licenses at all would be needed to import certain items" and in October 1982, 400 items were removed from the list of quantitative restrictions "because by and large, they were not locally produced." In addition, while the several hundred local and foreign investment applicants

were offered tax incentives for up to 10 years, they were not "granted protection from competition as was the policy in the past."

The questions segments of the private sector were asking were: Can the relatively underdeveloped Jamaican economy, shielded from foreign competition for decades, withstand the impact of the change? Can local manufacturers, strangled by shortage of foreign exchange to buy raw materials and burdened by inferior technology, compete in terms of quality and prices with products from high-powered transnationals? However, foreseeing the tremendous dislocations that could result from the deregulation policy, the government applied to the World Bank for a "structural adjustment loan", apparently to provide the foreign exchange element vital for the adjustment that had to be made.

Prime Minister Seaga has stated that the special responsibility in the structural adjustment of the Jamaican economy was transforming it from largely a domestic productive sector to one that produced for export. He adds that the basic objective was to gear the manufacturing sector for export so as to be a net earner of foreign exchange. According to Seaga, the process of structural adjustment embodied deregulation, marketing and incentives and the program was being carried out on a very methodical and systematic basis. He concludes by indicating that policies were put in place to ensure markets and provide incentives and that the strategy of deregulation was devised to remove the restrictions on certain consumer items.<sup>23</sup> Nevertheless, some analysts have insisted that the government had to implement aspects of the deregulation program even before it received the World Bank loan as a precondition to convince the Bank that it was serious about its new policy. In addition, the U.S. business sector had also put pressure on the government to "free up the market" again as a precondition for U.S. private investment.

It should be pointed out here that the Seaga government made a serious mistake in opening up or deregulating the Jamaican economy so suddenly. This view has had



widespread support in Jamaica. Manufacturers and exporters associations and the Workers Party of Jamaica were among its supporters, while the Jamaican business sector became indignant at the government's deregulation policy and the fact that it had tremendous difficulty in obtaining foreign exchange for exports. According to R. Anthony Williams, president of the Jamaican Manufacturers Association, "thirty-three factories have been closed because of the problems spawned by the government's (deregulation) policy."<sup>24</sup> Also, staunch JLP supporter, *Gleaner* columnist Carl Stone, warned the government that when the Chilean economy was opened up overnight in the two-year period 1975-77, employment in the manufacturing sector fell by 18 percent due to uncontrolled competition from cheap imports. He went on to ask:

*... Why should the technocrats of the World Bank and the IMF [International Monetary Fund] be pressuring us to open up the economy fully when in their own countries protectionism is on the upswing and none of these countries has opened up beyond controlled competition? ...*<sup>25</sup>

Another deleterious effect of this new policy was that since industrial development in Jamaica was "established and engineered for the protected local market" during the 1950s and 1960s, by removing that protection such a policy (which was formulated in collusion with an IMF agreement) has had serious effects on employment and investment. And the eventual denouement has been that the Jamaican economy has become dominated by foreign investors and a few rich Jamaicans—a situation which existed in the 1960s<sup>26</sup> during the JLP's reign to the extent that domestic and foreign capitalists had such a field day that Jamaica came to be known as the "new Riviera". This was the same situation the Manley administration sought to rectify and in which a massive brain drain of Jamaican professionals and businessman to North America occurred, and destabilization measures were taken against his administration by the U.S. government and the IMF.

And finally, the Seaga government has indicated that its structural adjustment program is primarily based on the

premise that an unfettered economy will kindle orientation toward export production and create the resources necessary for economic and social development. The centerpiece of the structural adjustment is to gear the manufacturing sector to seek markets overseas as opposed to the import substitution model that had been followed since Jamaica began its industrialization program in the late 1950s. This is to be backed up by the development of the export agricultural sector, particu-

One must bear in mind that there are at least two sides to every story.

larly the export of nontraditional crops.<sup>27</sup>

### Impact of New Economic Policies

When he became prime minister in 1980, Edward Seaga stated that he inherited a nation that was "lurching from crisis to crisis." Two years later, he insisted that Jamaica has experienced an "economic miracle", an "economic turn-around" through a policy of reliance on private enterprise. This, he insists further, represents "change without chaos" and "a mammoth achievement." Deputy Prime Minister and Minister of Foreign Affairs and Foreign Trade, Hugh Shearer, also has suggested that the Jamaican economy had demonstrated positive growth rates as a result of the "combination of a free market economy supported by the public sector and the entrepreneurial skills of an enlightened private sector."<sup>28</sup> And in a report to Parliament on the government's second year in office, Prime Minister Seaga said:

*... [As] the first government in Jamaica's history to come to office and*

*find the cupboard bare, we had to rebuild a shattered economy laid waste by years of inefficiency and neglect, and to return the country to a path of growth after 8½ years—just 18 months short of a decade—of declining production...<sup>29</sup>*

In his report, the prime minister outlined the main achievements of his government as follows:

*... We have restored a sense of order, rationality and predictability to the country's life. By the same token we have brought back confidence to the country and hope in its future. Crime and violence have been reduced and people no longer have the acute sense of personal insecurity that was for the most part the case in the later years of the Seventies when there was the consistent fear of attack from the gunman, the criminal and the "revolutionary." We have put basic food items and other necessities back on the shelves and in continuing supply, ending the anxiety of the housewife and the prosperity of black marketeers trading in basic human needs and profiting on the suffering of shortages.*

*So too have we eased the shortages of basic medical supplies and equipment with more consistent flows as we move towards full restoration of services.*

*We have turned around the economy, registering positive growth, a distinctive achievement against the negative background of where we were coming from and in the context of the most punishing world recession in 50 years. In doing so, we are swimming against the world tide and gaining, while many, including the prosperous and powerful, are slipping. Only 5 of the more than 50 countries in this hemisphere are likely to show any growth this year and Jamaica is one.*

*We have restored confidence in Jamaica among the world's financial institutions, making it possible for us to find the money for Jamaica's development needs.*

*We have begun the difficult but essential task of structurally adjusting our economy for future sustained growth which can meet competition and profit, not lose, by it.*

*We have created new investment starts in industry and agriculture in the economy at the rate of nearly eight per month or two per week. When last did that ever happen?*

*We are laying the foundation for the recovery of our major agricultural crops,*



introducing a spectacular range of new crops, and providing the farmer with abundance of credit and services. We have turned around the crash in tourism to prosperity for the economy and particularly for the workers.

We are bringing order to real estate development and justice and equity to the business of rental of premises.

We are bringing order into our public transportation system to provide reliable and reputable service. And, because we dare to care about corruption in public life we have initiated mechanisms to ensure the integrity of the award of contracts through the establishment of an Insurance Placements Committee and the appointment of a Contractor-General. . .

Because we dare to care about the young we have created the H.E.A.R.T. Programme to give them the skills to "learn to earn" for their future. We are building 50 primary schools because we dare to care that a place in school should be the birth-right of every child.

We have introduced compulsory education because we dare to care that our children shall not grow up crippled by illiteracy.

Because we dare to care, we are establishing a Golden Age Home to offer a higher level of care for the aged helpless and the poor. . .

In more specific and statistical terms, he cited the following achievements.

(i) *Real economic growth* of 3.3 percent in 1981, 1.0 percent in 1982 and 1.7 percent for 1983, compared to an annual average growth rate of minus 2.8 percent between 1973-80;

(ii) *Agriculture* grew by 3.5 percent in 1981, after an annual average growth rate of minus 0.5 percent between 1973-80;

(iii) *Manufacturing* grew by 0.4 percent in 1981; after an annual average growth rate of minus 3.6 percent between 1973-80;

(iv) *Construction* grew in 1981 by 2.5 percent and by 26 percent in 1982; after an annual average growth rate of minus 9.6 percent between 1973-80;

(v) *Capital formation* grew by 26 percent in 1981; after an annual average growth rate of 6 percent between 1973-80;

(vi) *Foreign exchange reserves annual change (surplus)* was 43.0 million in

1981; after being a negative figure between 1979-80;

(vii) *Current account deficit* averaged minus 1.8 percent in 1981; after an average of minus 4.0 percent between 1973-80;

(viii) *Investment* which averaged increases of 6.0 percent between 1973-80 jumped to 25.9 percent in 1981;

(ix) *Arrears* in payment for goods and services as of March 31, 1982 was zero; compared to US \$105 million in 1981

## Jamaicans are beginning to realize that conditions in the country are getting worse.

and US \$50 million in 1980;

(x) *Inflation* fell from an annual average of 22.0 percent between 1973-80 to 5.1 percent in 1981 but increased slightly to 6.9 percent in 1982;

(xi) *Unemployment* dropped from 27.3 percent in 1980 to 25.8 percent in 1982;

(xii) *Standard of Living Index* improved by 9.3 percent in 1981; after an annual average deterioration of 3.6 percent between 1973-80;

(xiii) *Major crimes* decreased by 8.3 percent in 1981; after an annual average increase of 7.2 percent between 1973-80;

(xiv) *Industrial Relations* climate improved by 4.0 percent in 1981; after an annual average deterioration of 6.1 percent between 1973-80;

(xv) *Domestic exports earnings* increased from US \$1.7 billion in 1980 to US \$1.8 billion in 1981;

(xvi) *Gross revenue from tourism*, which declined dramatically between 1979 and 1980, brought in \$280 million in 1981;

(xvii) *Total exports* of nontraditional

goods was \$283 million in 1981 or \$31.3 million (i.e., 12.4 percent) more than the 1980 figure; in 1982 the figure increased to \$325 million or by 15 percent.

There is no doubt that the achievements outlined seem very impressive. In addition they have been publicly lauded by the highest officials in the Reagan administration. The administration has specifically praised the Seaga government for "its remarkable control of prices and the impressive reduction in the cost of living index, as well as the reduction of the budget deficit ahead of schedule, the conservative monetary policy, fiscal restraint and the opening up of the economy to foreign (U.S.) investment".

However, one must bear in mind that there are at least two sides to every story. Indeed the dialectics of economic progress in Jamaica suggest that the picture isn't as rosy as painted by the government. The general contention is that the government's economic prognostications were overly optimistic.

In fact, during the past year, the government had to revise its economic forecasts downward and some published analyses have concluded that "Jamaica Still Isn't Making It"; that "Seaga Is In Trouble"; and that there "is a growing threat that the marginal progress made during the past two years has fueled expectations beyond reason" to the extent that the government has used the marginal economic fortunes "to mask the multitude of formidable problems" facing the country as a result of inappropriate economic policies.<sup>30</sup> In other words, deliberate attempts were made to make the Jamaican people believe that their economic situation appeared much better than it really was.

A closer examination of the picture on the other side of the economic coin under the Seaga administration reveals the following:

First, there was a *price index* increase on "an annualized basis" of 4.7 percent in 1981 over 1980 and an 8.4 percent increase in 1982 over 1981. As a result of the November 1983 devaluation of 77 percent, gasoline prices increased from J\$6.00 to J\$9.00 per gallon (i.e., US \$1.85 to US \$2.74) by the end of 1983;



public transportation and utility rates (electricity) increased by 17-54 percent; the price of milk went up by 40 cents. Inflation hit a double-digit 16.7 percent in 1983, after rising to only 6.5 percent in 1982. As of October 1982, the Seaga government's own statistics showed that 48 percent of Jamaica's workers earned less than JA \$40.00 or US \$13.00 per week.

**S** econd, *domestic food production* declined by 19.2 percent during the first half of 1982 and there was a 45 percent increase in food imports in 1981 over 1980 and a 17 percent hike during the first half of 1982, compared to the same period in 1981. In addition, the Jamaican Agricultural Society (JAS) has criticized the government's import policy and has expressed fear that if the situation continues "there is going to be absolutely no production in agriculture in Jamaica". According to the JAS, "all we hear is produce for exports, and nobody is talking about producing for local consumption". What the JAS suggested is that the government conduct "a massive educational drive to review the trend of people preferring foreign goods to local goods". There should also be proper presentation and packaging to appeal to local consumers. The Seaga government has ignored this policy advice because its stated policy is to gear the Jamaican economy in the colonial "export-basis" direction and not meet the basic needs of the Jamaican people. Emphasis is on satisfying the American metropolitan market.

Third, *total external debt* increased from US \$1.4 billion between 1980-82 to US \$2.3 billion by the end of 1983. This means that each Jamaican owes \$1000 as his/her share of this debt. Foreign debt now consumes 28 percent of all export earnings. Net foreign reserves stood at minus US \$700 million in 1982, compared to minus US \$574 million in 1981 and minus US \$481.1 million in 1980. As a result, the national coffers are dry despite the massive infusion of overseas loans and the fact that the government borrows about US \$1.5 million per day.

Fourth, *total imports* in 1980 were US \$1.7 billion, while exports were US \$1.4 billion; in 1981 total imports were US \$2.1 billion while exports were US \$1.5 billion, that is, an unfavorable balance

of trade increase of US \$300 million in 1980 to US \$600 million in 1981. In 1982, the trade deficit was US \$619 million. In 1983, total export earnings fell by 10.8 percent. The country's balance of payments deficit now stands at US \$280 million, while the deficit on current account is about US \$550 million, reflecting an increase over the past three years of almost 50 percent.

Fifth, the *production of bauxite*, which is the main source of foreign exchange

tion in the last harvest. And to make matters worse, the sugar industry was severely hit by a foreign exchange shortage which was precipitated by the ill-advised implantation of a parallel market for the exchange of convertible currency by the government in January 1983.

Seventh, *conditions in Jamaica* in 1982 were severe for the "ordinary people" in terms of their basic needs. For example, there were chronic shortages of



earnings and a major source of government revenue, fell by 29.9 percent in 1982; the production of alumina also fell by about 23 percent; in addition, 1,500 workers were laid off in the bauxite industry in 1982. In 1981, Jamaica earned over \$300 million from the export of bauxite and alumina, but in 1982 earnings dropped to about \$240 million. This figure includes the U.S. stockpile purchase of \$67 million worth of Jamaican bauxite in September 1982.

Sixth, *Jamaica's sugar industry* is now headed for bankruptcy as seven state-owned mills have been forced to close. The closing of these mills has meant the loss of jobs for 11,800 workers. According to the National Sugar Company (NSC), the sugar industry lost \$300 million along with a \$50 million additional loss resulting from the drop in produc-

tion and medical supplies in government hospitals and health centers; water and flour shortages; electrical black-outs; and inefficient bus transportation and mail services.\* These conditions were compounded by the laying off of workers at the Kingston Transshipment Port at Port Bustamante and at the Kingston Wharves Limited and Western Terminals; the laying off of workers by Reynolds Jamaica Mines; and the surplus of employees of the National Sugar Group of Companies.

**A**s a riposte against the government's economic policies and the progressively deteriorating economic and human conditions, the Jamaican working class took the following actions: (i) strikes by Kingston dock workers, the sugar in-



dustry workers, the field workers in the Frome factory, and the drivers and conductors who delivered mail to the rural areas, (ii) protest demonstrations by the government's legal officers attached to the courts, (iii) islandwide sick-outs by registered nurses, ancillary workers and psychiatric aides and, (iv) a slow-down by production workers at the Seprod Group of Companies which produces soaps, cooking oil, detergents, cornmeal and animal feed.

tion open. The small manufacturers have also described the government's credit policies as "not realistic".

Eighth, in September 1982, the government had to revise its predicted 4 percent growth rate downwards to a mere 1 percent because of declining productivity in key sectors. In addition, confidential projections by the government's economic planners have indicated that short term economic problems will grow, viz, current account deficit is ex-



In addition, local small manufacturers were unhappy over the "government's insensitivity to (their) peculiar problems." They complained that they were being "squeezed" out of business because of a number of problems, not the least among them being the government's tendency to treat small-scale enterprises as being on par with the large-scale industrial and manufacturing giants who were able to fend for themselves and needed no assistance. As a result, several small factories, due to financial difficulties, lack of raw materials and import licenses, had to open only seasonally for three weeks during Easter and for special holidays during which time they manufactured as much of their particular product as possible, then closed down the factory, leaving only the retail or wholesale sec-

pected to reach \$274 million by 1986, and the trade deficit could reach \$562 million, forcing the government to secure loans to cover a financial gap that could increase from the current \$29.83 million to \$97.7 million by 1986.

Ninth, conditions in the education system have reached such a cancerous state that Alfred Sangster, principal of the College of Arts, Science and Technology (CAST) warned the government that the College was faced with "the constant hemorrhage of qualified staff" who left for the private sector "or worse still to specially created quasi-government agencies with inflated emoluments" and that the government had to "come to terms with the conditions of service for its teachers or there will shortly not be an educational system on which to build any future."

The government paid no attention to this gloomy warning. Approximately six months later (October 1982), the Ministry of Education announced a 50 percent cut in the 1982-83 operational budget for new secondary schools. One of the main functions of these schools was to prepare students with marketable, technical skills. The budget cuts left these vocational areas almost inoperative and teachers expressed deep concern for the future of the program. The cuts served to further frustrate the efforts of committed teachers, to drive them from the classrooms and to threaten the possible closing of some schools. In a final attempt to salvage this component of the country's vocational program, the Association of Principals and Vice-Principals of these schools sent a resolution to the Ministry of Education. It stated, in part:

*... Be it resolved that this association views the attitude of the Ministry of Education as not in keeping with the best interest of education as it affects these schools, and be it further resolved that this association urges the Ministry of Education to restore the operational budget of new secondary schools even to the 1981-82 level forthwith so that some degree of normality can be restored to the schools to prevent them from being closed. . .*

It must be pointed out that these budget cuts by the Jamaican Ministry of Education are analogous to the budget cuts in educational and job-training programs by the Reagan administration. The net effects of these policies of the two governments are that the budget cuts "strike disproportionately and severely at society's poorest and most dependent citizens" and "unfortunately and un-intentionally" create "welfare dependency" rather than produce the kind of technically-skilled citizens who can "pull themselves out of welfare dependency" and atrophy.

Tenth, the managing director of Estate Development Company of the Ministry of Housing has stated unequivocally that "the country may never solve its housing problems in this decade" and that the most the government can hope to achieve is to keep the problems "under control and to an acceptable degree". The problems have been compounded by the fact that government



policy has relied on the private sector to be "the greatest provider of housing for the people of the country". The reality, however, was the private sector only showed interest in housing development as it concerned the upper-middle and upper-income brackets. By so doing, they were able to maximize their rates of return, with minimal investment problems or risks. Government policy has been oblivious to the many Jamaican families who have been left "homeless and without hope of owning their own home".

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In 1982, the housing shortage in Jamaica was 65,000 units. In addition, rent and security of shelter for the people were number one priorities on the public opinion polls.

The housing problem reached such a critical stage that the opposition leader, Michael Manley, was compelled to conclude during his 1982 budget speech to Parliament that "the government has no housing policy." Manley said that the increases in the importation and the production of construction materials were not going towards building housing for the poor, but were for commercial building and housing for the rich. In addition, he said that existing housing settlements were in an advanced state of decay, social and economic infrastructure was missing from the developments, rents were excessive, the landlord-bailiff was the terror of poor people and certain greedy private sector developers were ripping off unfortunate house purchasers for non-existent schemes. He also indicated that during his tenure "there were Rent Laws establishing Rent Boards and Community Tribunals to ensure fair rent for tenants and fair treatments by landlords. Rents were rolled back in many cases."

**M**anley further stated that between 1976 and 1980, the National Housing Trust (NHT) built over 17,381 housing units, but in the first two years since the Seaga government took office, only 1,100 housing units were started. The NHT was created during the Manley administration "to mobilize workers' savings to provide them with housing on an income-related basis." Emphasis was on providing low and middle income housing.

Eleventh, the government has been publicly accused of "contradicting employment figures for the island". According to Manley, Prime Minister Seaga has indicated that in 1981 his administration reduced unemployment by 0.6 percent since taking office. In other words, the government boasts that unemployment stood at 26 percent in 1981 implying that that figure was 32 percent when Seaga came into office. However, Manley has indicated that if that's the case, then the prime minister was guilty of "gross dishonesty" because "unemployment figures are taken in April and October of each year. The unemployment figure for November 1980 was 26.8 percent".

In reality, official records have revealed that the level of unemployment actually increased from 26.1,500 to 280,700 over the period October 1981 to April 1982. It stood at the end at 27 percent. This represented a 1.4 percent increase in the jobless rate over the period. The government's own Department of Statistics also has shown that the unemployment rate increased from 26.2 percent to 27 percent between April 1981 and April 1982. The unemployment rate among women in April 1982 was 43.1 percent, up from 42.9 percent since October 1981. The rate among men stood at 15.3 percent, an increase of 1.1 percent since October 1981. At the end of 1983, unemployment officially stood at 27 percent or over 300,000 Jamaicans out of work in spite of the government's boasts of economic recovery and new jobs.

The mood of the country, therefore, is that the unemployment rate has reached "catastrophic proportions." The general contention is that by putting the entire responsibility in the hands of the private sector, the "government accepts no responsibility itself for indicating and implementing programs which will have the effect of creating direct employment." There also has been a clarion call for a "National Objective" to reduce the unemployment rate to two or three percent because unemployment is seen "as the root cause of several other problems." In addition, the opposition party has called upon the government "to publicly state what it is doing to reverse this alarming rise in unemployment while we are supposed to be in a period of

recovery." As the pro-government *Daily Gleaner* concurs: "not until this problem (unemployment) is solved, can Seaga regard his government as successful."

Twelfth, another glaring testimony of the negative detrimental impact of the Seaga government's policies is in the area of migration (brain drain) of thousands of Jamaicans to the United States. Jamaicans have become so frustrated with their government's policies that they have resorted to illegal entry into the United States by means of forged U.S. birth certificates.

It is very instructive to recall that conventional wisdom once suggested that thousands of qualified, professional and middle-income Jamaicans left the country when the Manley administration adopted its policy of Democratic Socialism in 1974 as a means to meet the basic needs of the broad masses of the Jamaican people. Ironically, in 1982, several thousands of poor disenfranchised low-income Jamaicans left the country because of the pro-U.S. business, private enterprise (sector) and non-Jamaican orientation of its government's policies.

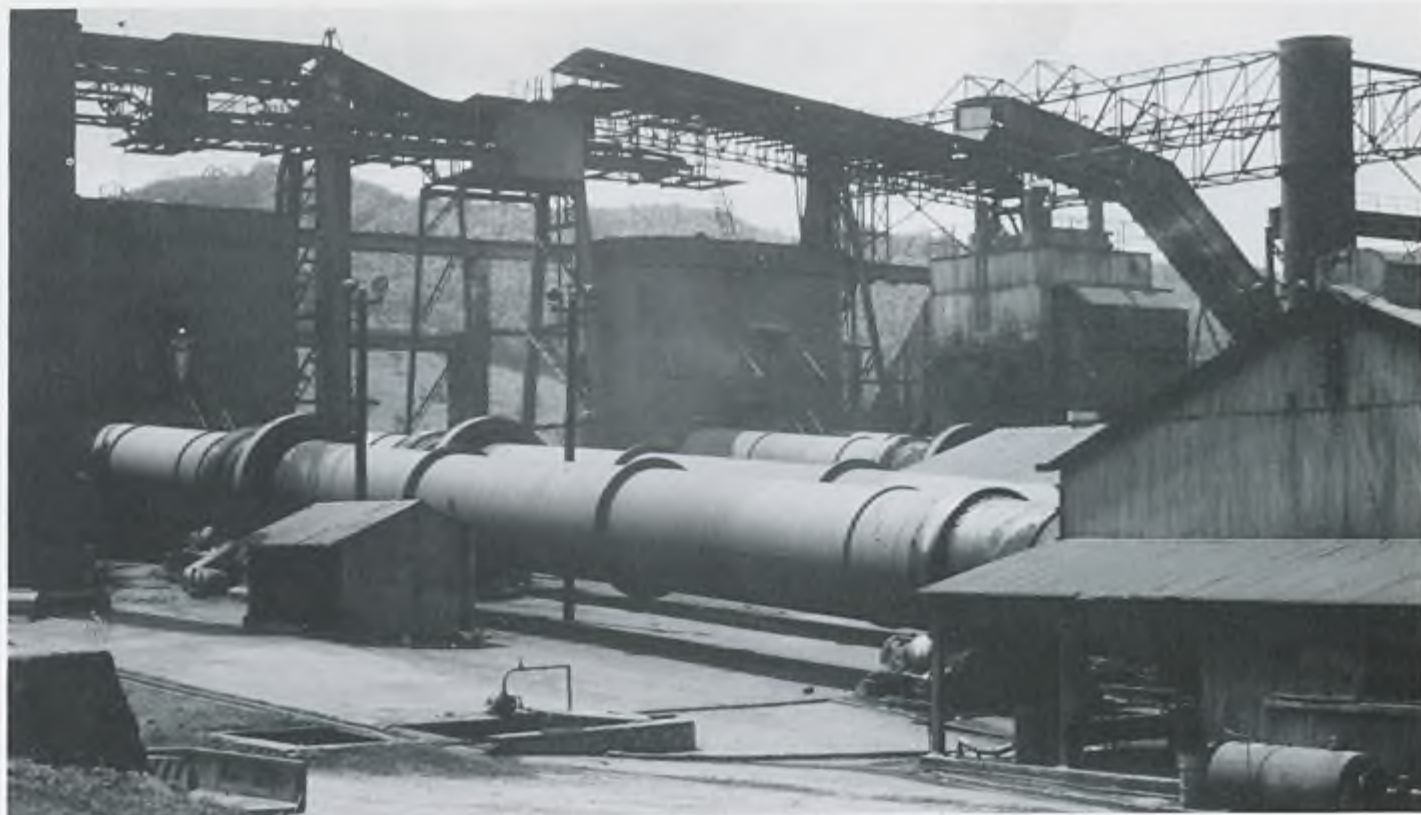
In examining the startlingly high rate of migration, it was uncovered that 100 permanent visas and 400 non-permanent visas were granted daily. On an aggregate basis, this means that each year 36,000 Jamaicans have been leaving the country permanently for the United States.

**F**inally, it is again instructive to recall that during the 1980 general elections, the JLP campaigned and won on the slogan that the "poor can't take no more." Since taking office, however, the ruling JLP government has concluded that, indeed, the poor can take some more.

Thirteenth, juxtaposed to the twin problems of chronic high unemployment and migration is the "moral mess" that has permeated all aspects of life in Jamaica under the Seaga government. Church ministers have publicly warned the government that "no nation that kicks morality overboard can survive" while in an editorial in *The Jamaica Daily News* (December 29, 1982), Jean Jackson surmises:

... Looking back at the year 1982, it seems that the focus was on the material; the emphasis on the tangible to the exclu-





sion of the intangible; on the ability to beat any and every system to satisfy the wants of the individual; on judging the worth of a person by the outward signs of prosperity with very little attention to the intrinsic values of life (and morality) . . .

For many Jamaicans, 1983 was to have been "the year of deliverance". Instead it has become a year of doubt, uncertainty, and chaos, combining an unprecedented one-party state apparatus with a recession-riddled economy. The situation is very volatile. Seaga campaigned on the slogan of deliverance from what he then charged were eight years of mismanagement and leftist policies of the Manley government that had left the economy in shambles. He pleaded with the citizenry to give him *only* three years to turn the economy around. But after three years, many Jamaicans are convinced that their deliverance is not near, but far, far away. □

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## NOTES

<sup>1</sup>"Jamaica Chalks up a Loss for Castro." *U.S. News & World Report*. (November 10, 1980), p. 15.

<sup>2</sup>"With Malice Toward None—Seaga." *The Daily Gleaner*. (November 3, 1980), p. 1.

<sup>3</sup>"Seaga Launches Trade Policy." *Trinidad Express*. (May 14, 1982), p. 17.

<sup>4</sup>Edward Seaga, "The Correct Path." Keynote address to the IV Miami Conference on Caribbean Trade, Investment and Development on November 23, 1980, p. 8.

<sup>5</sup>"Jamaica: On the Mend." *Ebony*. (May 1982), p. 79.

<sup>6</sup>"The Jamaican Labour Party, *Change Without Chaos: A National Programme for Reconstruction*. Kingston, Jamaica (October 1980), p. 36.

<sup>7</sup>"Jamaica: No to Chaos." *Time*. (November 24, 1980), p. 59.

<sup>8</sup>U.S. Department of State, "Cuba's Renewed Support for Violence in Latin America." *Special Report*. No. 90. (December 14, 1981), p. 9.

<sup>9</sup>*Ibid.*

<sup>10</sup>"Significance of Jamaica's Break with Cuba." *Caribbean Contact*. (December 1981), p. 1.

<sup>11</sup>"PNP Men off to Havana." *Trinidad Express*. (November 10, 1981), p. 7.

<sup>12</sup>"JLP Raps PNP Plan to Visit Cuba." *Trinidad Express*. (November 10, 1981), p. 6.

<sup>13</sup>*Ibid.*

<sup>14</sup>*Ibid.*

<sup>15</sup>"Opinion Polls Show Majority of Jamaicans Reject Break with Cuba But Favor 'Economic Recovery' Claim. . . ." *Caribbean Contact*. (January 1982) p. 6.

<sup>16</sup>Wenty Bowen, "Jamaica: Confident Seaga Settles in. . ." *Caribbean Contact*. (July 1981), p. 8.

<sup>17</sup>"Seaga Govt. Re-affirms Its Faith in Private Sector." *Trinidad Guardian*. (April 8, 1982), p. 4.

<sup>18</sup>"Govt. Recognizes Role of Private Sector in Housing, Says Min. Golding." *News Release*. No. 2066/81. (October 20, 1981), pp. 1-2.

<sup>19</sup>"Govt. to Set up Advisory Council to Further Co-operation with Private Sector." *News Release*. No. 1038/82. (June 22, 1982), p. 1.

<sup>20</sup>C/F Bowen, *op. cit.*, p. 8.

<sup>21</sup>*Ibid.*

<sup>22</sup>"Jamaica as a 'Model' for Caribbean Basin Plan" *Caribbean Contact*. (April 1982), p. 10; hereafter referred to as Jamaica as a model.

<sup>23</sup>"Govt. Plans New Export Incentives to Boost Economy." *The Jamaican Weekly Gleaner*. (November 11, 1982), p. 6.

<sup>24</sup>C/F *Caribbean Contact*. (August 1982), p. 1.

<sup>25</sup>Bowen, *op. cit.*

<sup>26</sup>"Seaga Launches Trade Policy." *Trinidad Express*. (May 14, 1982), p. 17.

<sup>27</sup>"Positive Growth Seen in 1982." *Jamaica Daily News*. (January 1, 1983), p. 1.

<sup>28</sup>"A Report to Parliament on the Administration's Second Year in Office." Statement No. 1935/82 by Prime Minister Edward Seaga to the House of Representatives on November 2, 1982.

<sup>29</sup>"PM: Jamaica Poised for Growth." *The Jamaican Weekly Gleaner*. (November 8, 1982), p. 1.

<sup>30</sup>Carl Stone, "Seaga Is In Trouble." *Caribbean Review*. Vol. XI No. 4 (Fall 1982), p. 7.

\*It should be pointed out that as a result of the grossly deteriorating conditions of the public utilities in Jamaica, the government was forced to appoint a legal ombudsman by March 1983 "to deal with citizens' complaints in respect of the services provided" and "to eliminate dissatisfactions among their customers." According to Pearnel Charles, minister of Public Utilities and Transport, the government had found it necessary to appoint such a person, Churchill Raymond, with the "permanent purpose of achieving substantial improvement in the operation of the utilities." C/F "Minister Charles Receives P.U. Ombudsman." *News Release*. No. 429/83. (March 23, 1983).