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Linus Hoskins

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Changing of the Guard

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By Linus Hoskins

Last October 30th, approximately 80 percent of Jamaica's one million voters went to the polls and elected a pro-Western government. Election day was marked by outbursts of violence, including at least three deaths and an alleged assassination attempt at then-opposition leader Edward Seaga. It was a landslide victory for the capitalist Jamaica Labor Party (JLP) over the progressive People's National Party (PNP). Unofficial results have indicated that the JLP won 53.4 percent of the votes, compared to 46.6 percent for the PNP, which means that the JLP captured 51 of the 60 seats in Parliament.

The ousted prime minister, Michael Manley, did, however, win his parliamentary seat. But his finance minister, Hugh Small, and deputy prime minister of foreign affairs, P. J. Patterson, lost their seats, along with two other cabinet ministers.

The question that now arises is: What does this mean for the Third World liberation struggle in general and for the Jamaican people in particular?

In broad terms, certain peculiarities that occurred on election day, such as the disappearance of ballots, intimidation of voters and the stuffing of ballot boxes are reminiscent of the events that took place during the 1963 elections in Guyana when Marxist Cheddi Jagan was ousted and in his place conservative Forbes Burnham elected. (The majority of the Guyanese people have since lived to regret Burnham's reign and now history's tragedy has befallen the Jamaican people).

The supporters of the PNP have vowed that without Michael Manley there would be violent revolution and retribution.

Edward Seaga, the new prime minister, has promised public integrity and a moderate government. His first priorities include the restoration of economic progress, the expulsion of the Cubans, including the Cuban ambassador, whom Seaga has accused as a meddler in local

politics, and establishing close ties with the United States.

In specific terms, one must begin with the philosophical premise that in everything bad there is something good. For the past eight years that the PNP has been in office, not enough attention was given to financial/economic control, planning and administration. This has had a dramatic impact on the living standards of the Jamaican people. Even then, the majority of the Jamaican people continued to support the PNP. However, circumstances forced them to substitute their empty bellies for political reasoning. They gambled on the JLP, hoping for a better day.

The defeat of the PNP may spell five years of capitalist exploitation and the possible return to the country of the professional class who fled the country upon sensing the trappings of PNP's Democratic Socialism. They now stand to reap economic gains in view of the new JLP administration's plan to transform Jamaica into an exemplary free enterprise state.

Also, the defeat of Manley may have dealt a very potent moral blow to the liberation struggle in Southern Africa and in the Third World. The PNP administration pursued an activist foreign policy toward apartheid, racism and imperialism in Southern Africa. The new Jamaican government is likely to pursue a passive, pro-Western foreign policy posture.

Domestic Political Setting

Jamaica's political structure is patterned after the British Westminster model of government—the two-party system. But if one were to critically examine this two-party system one must conclude that the institutions therein have proven to be inadequate for the Jamaican society because they have not been devised for a colonized society but are part of the inheritance of the colonial era—borrowed from the imperialist power and imitatively implanted in the local environment. Ja-

Jamaican political scientist Louis Lindsey points out:

The adoption of the Westminster model of competitive two-party government facilitates the persistence of imperialist control since the model surreptitiously and erroneously, separates political power from economic power and prevents economic power holders from the control of its constitutional provisions. (Furthermore it lends support) to the illusion that government is government of the people and for the people. And ironically, it is this illusion which alienates the (Jamaican) people from their potential and ossifies colonially generated myths which keep the society locked into a status quo of poverty, multifaceted dependency, and persistent deprivation.¹

Of Jamaica's two political parties, the PNP, led by Manley, has been the more radical or progressive. Since coming to power in 1972, the PNP has advocated state control of the economy, cooperatives, greater democratization of the political system, a more explicit nationalist posture, and socialist ideals geared to popularize egalitarianism.

On the contrary, the JLP, led by Seaga, defends the virtues of the free enterprise capitalist system, opposes the PNP's advocacy of sweeping structural changes in the society and the economy but merely promises better living conditions for the working class and the peasantry while symbolically championing the cause of the socially oppressed under the clarion call that "deliverance is near."

By the end of the 1962-72 decade, the JLP established the institutional infrastructure to shift the political economy of Jamaica from a free enterprise system to one of emergent state capitalism. But the leaders of the progressive populist movement of the late 1960s who were absorbed into the PNP after the 1972 victory increasingly sought to define the democratization issue in terms of expanding the role of the state beyond state capitalism

to a state controlled political economy to serve people's needs more effectively and to weaken the power base of the bourgeois interests.²

In sum, during the past eight years, the PNP sought to govern Jamaica in the interest of the masses. The contention that the PNP is run by Marxists and Communists who have their mind set on turning Jamaica into a one-party dictatorial state appears to be nothing more than a ploy by the JLP and its supporters. In reality, the PNP is not controlled by Marxists, although there are a handful of Marxists or Communists in the membership. But they hardly influence policy.

The PNP Record

Now, let us look at the record of the PNP since Michael Manley took office in 1972. The domestic record includes the undertaking of an unprecedented land reform program; national control over public utilities; the creation of sugar workers' cooperatives; the imposition of the bauxite levy; the institution of a Minimum Wage and Labor Relations Act; an end to discrimination against illegitimate children; compulsory recognition of trade unions; equal rights for women including equal pay for equal work and the appointment of women to senior positions; free education at the university level; nutrition subsidies for 70,000 children; rent rollback in depressed areas; national day care programs; an increase in public assistance; the establishment of community farms; special loans to farmers; an attack on adult illiteracy; the restoration of civil liberties and an end to harassment of individuals for political reasons.

On the international scene, Jamaica became a Third World force with an independent foreign policy and a supporter of the liberation struggles in Southern Africa.

More importantly, the PNP instilled a sense of national pride and self-worth in the Jamaican people. It made them aware, in a historical context, of past exploitation/oppression and of the necessity to devise strategies for total liberation.

When one speaks to the average Jamaican on the streets of Kingston, he or she not only expounds lucidly on the linkage between Jamaica's economic plight and Western imperialism but is also able to articulate the positive policies the PNP has instituted while at the same time not hesitating to list some of the failures.

Under the JLP government, before PNP came to power in 1972, women received less pay than men; teachers received no government support; there was no nutrition program; exploitation of tenants and sugar workers was the rule rather than the exception; master-slave relationships existed; consolidation of big business exercised political power.

The reign of JLP, from 1962 to 1972, was characterized by power to the elite, capitalism, power for the few, wealth for the few, opportunity for the few and a bright future for the few. In fact, during those 10 years, domestic and foreign capitalists had such a lucrative time that Jamaica was labeled the "island of the future" and "the new Riviera."

Once again, the JLP is in power.

During the election, the JLP discounted all the positive achievements of the PNP and presented itself as the only alternative to rescue Jamaica from its political and economic plight, and promised to restore international confidence in the economy.

JLP supporters were adamant in their insistence that the PNP is run by what they call "vulgar Marxists" who have steered the country into a "silent civil Cold War" and that Manley is a "political opportunist" whose primary concern is to carve a place for himself in the annals of world history. Understandably, they feared PNP's democratic socialism and were prepared to change it at any cost.

Unfortunately for the PNP and its supporters, the machinations of the JLP and the spurious tactics/accusations of its followers were successful and sufficient to stymie the PNP's socialistic reforms and political independence.

22 Economic Situation

Like other so-called Third World countries, Jamaica's economic health leaves much to be desired. While some of the country's economic ills stem from mismanagement and poor planning (which the PNP readily admitted) nevertheless one must consider the openness of the Jamaican economy, its vulnerability to fluctuations in the global economy and the working of the international capitalist system.

Jamaica falls within the upper middle income group of developing countries and has a per capita income of \$1,070 (1976). The country's GNP stood at \$2.2 billion in 1976 while the annual population growth has been 1.7 percent. Unemployment is posited at 31 percent while the public debt figure is \$1.3 billion, in addition to an \$800 million oil import bill and a \$150 million food import bill. According to the World Bank, the Jamaican economy did experience negative growth during the past few years.

The unemployment figure is even more appalling when one realizes that among young men between the ages of 14 and 19 the rate was 50.6 percent as of October 1979; 33 percent for those between 20 and 24 years; and 16.4 percent for those 25 to 34 years. In the case of younger women, just under 30 percent in the age-group of 35 to 44 years were unemployed during the same time; among those 25 to 34 years, the rate was 42.8 percent; in the 20 to 24 years group, 60.2 percent; and among the 14 to 19 years group a staggering 82.4 percent.

Needless to say, the PNP administration had to devise strategies and programs to rectify the economic hardships faced by the Jamaican people in order to win the election. The majority of the Jamaican people are suffering economically. In some instances, bananas are the only food hundreds of people live on while others get meat once every six months. The unemployment situation *must* also be solved in order to head off social unrest and disorder.

Prior to the recent election, the main concern of the PNP government had been to "try to provide the facilities through which the poorest of the land can begin to walk up the ladder of success"³ and to deal with the problem of mismanagement. In August, Hugh Small, then-minister of finance, tabled in the Jamaican House of Representatives a proposal to improve the system of financial management and expenditure control that existed in the public sector. The new financial management plan included regular submission and updating of projected monthly expenditures and internal monitoring and reporting systems.

Similar measures were proposed for expenditure control, with government ministries and departments required to submit to the Accountant General, for approval, a daily summary of checks to be drawn. Penalties were to be instituted for breach of this instruction. In addition, no further financial obligations were to be assumed for new programs and projects. The instructions also stipulated that all expenditure programs must be reviewed on quarterly basis. Steps were also taken to improve the quantity and quality of management personnel to ensure proper accounting for expenditures and effective management of resources.⁴

The hope was that the new measures would go a long way in allaying some of the aspects of mismanagement and financial maladministration.

Jamaica and the IMF

One of the fallouts of Jamaica's economic crisis is the unfortunate fact that since 1977 the Manley administration was forced into the arms of the International Monetary Fund (IMF) for financial bailout. For many years, Third World countries have complained about the destabilizing role, arrogant power and the negative policies of the IMF toward the Third World. Bitter confrontations between Third World countries and the IMF occur with great frequency as in the recent cases of Peru, Tanzania, Chile and Jamaica.

The IMF was established in 1944 by Western planners to help countries with balance of payments difficulties. There was also the unwritten understanding that it was to be the "policeman" of international capitalism and also serve as the medium through which the economies of the Third World would be locked into a state of dependency on the capitalist metropolis, *ad infinitum*.

In addition, when a country seeks a loan, the IMF imposes tough conditions which include control on imports and foreign exchange, devaluation of currency, cut in government spending, especially in the basic human needs categories of health, education and welfare; control of bank credit, higher interest rates and higher reserve requirements, increase in taxes and prices charged by public enterprises, abolition of consumer subsidies, control of wage increases, dismantling of price controls and greater hospitality to foreign investment. The IMF rationale is that investment by multi-national corporations is the only means of growth for Third World countries.

In July 1977, Jamaica and the IMF worked out a Stand-by Agreement involving a \$75 million loan. Because of the country's economy, the IMF "softened" its usual position and tolerated the dual exchange rate system with a basic rate to cover imports of essential commodities such as food and oil. Jamaica's liberal wages policy remained but there had to be a large reduction in government expenditure (\$140 million) in return.

The IMF set the following quarterly targets: Net Domestic Assets. Net International Reserves. Net Banking System Credit to the Public Sector.

In December 1977, when Jamaica failed to meet one of the targets (The Net Domestic Assets of the Bank of Jamaica) by a margin of \$9 million, the IMF suspended the Stand-by Agreement. It came up with a new proposal: that Jamaica should negotiate a three-year Extended Fund Facility (EFF) Program and go along with a

further devaluation of its currency. Jamaica agreed.

The IMF drew out negotiations of an Extended Fund Facility for four months between February and May 1978, while the Jamaican economy experienced serious difficulties because of the lack of foreign exchange. The following things happened:

- Jamaica was unable to pay for imports of raw materials and supplies of basic, essential commodities.
- Threats of worker lay-offs intensified.
- Production was disrupted and some factories were forced to cut back.
- Migration of skilled persons and leakages of foreign exchange to the tune of \$300 million occurred.

In May 1978, Jamaica agreed to a three-year Extended Fund Facility (EFF) Program with drastic, draconian terms and conditions. The main elements of the first year of the program were:

- Unification of the exchange rate plus a 15% currency devaluation of the unified rate was set into effect. This meant a 47% devaluation of the old basic rate applying to essential imports of basic necessities plus an additional 15% in monthly installments from May 1978 to May 1979.
- Additional taxes on consumer goods were instituted.
- Incentives were given to the private sector by the lifting of price controls and guaranteed 20% rate of profit. The objective was to secure more private sector investment and expansion.
- There was a reduction in the standard of living of workers by the imposition of a 15% ceiling on wage increases while currency devaluation and the removal of price controls generated a 40% increase in prices.

Jamaica carried out all aspects of the 1978 agreement faithfully, yet the country continued to experience worsening economic conditions.

In May 1979, Jamaica agreed to institute a "social contract" to limit both wage increases and price increases to 10%. The JLP opposition rejected the "social con-

tract." Foreign exchange targets were fixed for the elimination of payment arrears and the accumulation of over \$50 million liquid reserves by December 1979. Fiscal targets were set to limit bank credit to the government. The IMF enlarged the lending program to a total of \$248 million from its supplementary facility.

Even with the IMF's approval and having met all the tests for a year, Jamaica was unable to secure re-financing of the major portion of its external commercial debt by September 1979. The country was also unable to secure significant new external bank loans, because a consortium of commercial banks deferred consideration of a \$650 million re-financing proposal for Jamaica's external debts.

Jamaica's foreign exchange earning could not meet the unexpected increase in payments. As a result, there was a foreign exchange gap of \$130 million. By December 1979, the IMF performance targets were not met. Analysis shows that 80% of the foreign exchange shortfall was due to several major factors outside of Jamaica's control. The remaining 20% was due to an error in estimation of the overhang of 1978 imports due for payment in 1979—an estimate in which IMF officials participated.

In terms of the budget, between April and May 1979, Jamaica fell short of the program targets by some J\$100 million. This was due to shortfalls in projected receipts; viz: \$40 million in foreign loans, \$40 million on domestic non-bank financing, \$20 million on tax revenue.

Jamaica was led to believe that the IMF understood the problem and would therefore be sympathetic to an application for a waiver from the December performance tests. It was agreed that Jamaica's exports had once again become competitive and that the incomes policy was being effectively implemented. The main issues raised in the discussions with the IMF had to do with the size of the government deficit—the gap between available government revenue and expenditure; the effectiveness of expenditure controls in central government; the efficiency of pub-

lic enterprises and the overall efficiency of government operations.

These were not areas which gave Jamaica problems in principle, since the government agreed that there were a number of areas where adjustments and improvements had to be made. This was why in December 1979 the Jamaican government took action to cut down the number of ministries from 20 to 13 as the first step in restructuring the government machinery. The Jamaica National Investment Corporation immediately began to make a careful study of the major public sector enterprises in order to identify steps necessary to improve their efficiency and to reduce their operating losses.

Against this background, Jamaica agreed to several demands of the IMF, although recognizing that many of these actions could bring increased hardships to the people. However, it was recognized that some of the steps were necessary, with or without the IMF.

There was a breakdown in the negotiations in January 1980. The IMF insisted on cutting the recurrent budget by an extra \$50 million. This would have meant the lay-off of some 11,000 workers or cutting several peoples' programs; removal of all subsidies from food, the Jamaican Omnibus Service (JOS) and fertilizers; making all students at the University of the West Indies and other educational institutions pay tuition, and other measures which would have meant hardships for millions of people. This was unacceptable to the Jamaican government.

New negotiations began but by March 22, 1980, it became clear that the IMF requirements were too difficult to meet. Therefore, it became quite evident that a continuance of negotiations with the IMF was no longer feasible. The Jamaican government reasoned that the welfare and interest of the Jamaican people would not be protected and safeguarded if it entered into the new IMF agreement. This is the reason why on March 22, 1980 the National Executive Council of the PNP recom-

mended to the government that negotiations with the IMF for a Stand-by Agreement be broken off.

Democratic Socialism

Many people suggest that Jamaica's economic ills are directly correlated to the PNP's adoption (Nov. 20, 1974) of Democratic Socialism. This pronouncement, the argument goes, resulted in a massive frenzied exodus of the professional, middle-class and wealthy Jamaicans, disinvestment, high unemployment, and the decline of economic growth. But, to the end, the Manley administration remained dedicated to this policy, which it regarded as the *only* remedy to generate economic justice and self-reliance in Jamaica.

Michael Manley defines his party's philosophy of Democratic Socialism as:

*an economic strategy based on two things: the belief that the commanding heights of the economy must be under public ownership . . . and that for the rest of the economy what we see is a very dynamic role for the private sector but a socially responsible private sector. A private sector that works within the overall frame of politically defined national social objectives.*⁵

The PNP's socialism acted as a vehicle for self-assertion against a colonial past and a mechanism for the creation of a sense of national pride and international purpose. Former minister of foreign affairs, P. J. Patterson explains:

*We commit ourselves to the building of a democratic society in which people will be motivated by the spirit of brotherhood and sisterhood and understand they have to build a nation through co-operation rather than to be inspired purely by profit and a sense of greed. . . . (We) reject the notion that in our situation we could base the future upon a system of capitalism which involves the exploitation of people and obligates individuals to pursue private gain at the expense of their fellow citizens without regard to any other interest. . . . (We) reaffirm the belief that it is the sovereign right of a people, under a democratic system, to select their own government without any interference from any other nation whatsoever.*⁶

It is this last credo that underlies the fact that the PNP's non-alignment foreign policy represented a logical extension of the party's domestic policy of Democratic Socialism.

To the PNP, nonalignment meant independence of judgment. As Manley stated unequivocally:

*We are the masters in our house and in our house there shall be no other masters but us. Above all, we are not for sale.*⁷

This independence of judgement compelled the PNP government to support the Cuban involvement in the Angolan war of liberation in 1975, and the call for the independence of Puerto Rico. It has also led to close ties between Jamaica and Cuba, the Soviet Union and other Eastern and Western countries.

Although the PNP administration supported the U. S. position against the Soviet invasion of Afghanistan and the holding of American hostages in Tehran, Jamaica did not support the U. S. call for a boycott of the Moscow Olympics.

The Manley government also conducted a consistent anti-apartheid policy and did receive world acclaim for its support of the liberation movements in Southern Africa. □

Linus Hoskins, Ph.D., is professor of political economy, Washington International University. He visited Jamaica during the recent elections.

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The Forgotten Refugees of Africa