THE POLITICS OF CANADIAN AID TO THE COMMONWEALTH CARIBBEAN

BY

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INTRODUCTION

The specific forms of dependency in the Commonwealth Caribbean in any given historical period have been shaped by the characteristics of the international system and of the region's role within it. The early roots of economic, political and social structure of underdevelopment of the Commonwealth Caribbean are located in Britain's cultivation of the region as sugar plantations. During that time, the region existed primarily as a provider of raw materials and agricultural commodities. Thus dependency during the colonial period and during much of the twentieth century became orientated to the export of primary products under the control of foreign capital.

The conditions which shape the Caribbean dependency today are quite different. The international system today is characterized by the multinational corporations. These corporations are orientated toward expansion of markets, toward guaranteeing sources of raw materials and other inputs, profit maximization and the establishment of monopoly positions. The degree of foreign control in the principal economic sectors is increasing; and more generally, Commonwealth Caribbean's integration into the orbit of the North Atlantic Community is becomming more complete, despite constitutional independence.

These characteristics of the international system and the functioning of the Commonwealth Caribbean within it, impose definite limitations on the possibilities for the region's development. Moreover, the development policies that have been undertaken by the governments of the territories have only reinforced the dependency of the region. This is quite evident in the economic policies of the governments in the promotion of metropolitan investments by offering tax holidays (five to ten years), exemption from import duties on equipment and raw materials, and other concessions.

The underdevelopment of the Commonwealth Caribbean is also perpetuated by the concept which postulates the proposition that, being poor, the region lacks investment capital and therefore, find it difficult or impossible to develop and thereby escape its poverty. Therefore the developed countries should diffuse capital and technology to the region, thereby promoting its economic development. Consequently, the leaders of the territories have embraced this proposition conceived by the "developed" nations and are busy "begging for financial aid, trade preferences, or opportunities for emigration."[1]

Since the 1960's, West Indian leaders have had to develop a wider investment and trade contacts with other capital importing countries and multilateral institutions, partly as a result of the four larger territories gaining their independence. Therefore, a wider choice of action, perhaps more important it was due to Britain's growing interest in the European Economic Community which culminated in its entry into this community in 1971. Britain's new outlook created from the outset,uncertainties among the West Indian territories. Consequently, the governments of the territories began to look toward Canada for financial assistance, trade preference and other kinds of economic links. At the same time, according to one report, "there were signs that Ottawa is awakening to the Caribbean as a potential sphere of Canadian interest."[2]

[1] Alister McIntyre, Some Issues of Trade Policy in the West Indies, New World Quarterly, Vol. 2, 1966, p.165.

[2] Editorial, MacLean's, Sphere of Influence in the Sun, Vol. 80, No.2, Feb. 1967, p. 4.

In 1966, Canada took part in two Commissions, one with Caribbean participation (Canada-Commonwealth Caribbean Conference in Ottawa) and the other (Tripartite Economic Survey) which according to one critic "neither included West Indians in direct participation nor sought to set up any proper liaison."[3] These two Commissions were to decide Canada's policy towards the Commonwealth Caribbean. Canada, realizing the economic potential of the region, concluded that in the Leeward and Windward Islands tourism is the likely key growth industry in these Islands and recommended that official development assistance focus on the provision of infrastructure for private investment in tourism. This is the basic rationale for CIDA's[4] present "concentration in the sectors of air transport, water resources, and education with lesser emphasis on agriculture."[5]

In short, the strategy is designed to modernize public utilities and infrastructure as a conditioning factor, so as to be more receptive for foreign investment. The two Conferences like others before them were merely keeping up with the traditional and continuing process of underdevelopment in the region which has been serviced by a long range of misguided institutions and activities. This study is concerned with Canadian aid to the Commonwealth Caribbean. Its purpose and scope will be to show that the diffusion of capital

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[3] Havelock Brewster, Canada and the West Indies: Some Issues in INterna tional Economic Relations, Journal of Canadian Studies, Vol.2, No.3, August 1967 p.27.

[4] An Agency responsible for the administration of Canada's official program of development assistance. Known until mid-1968 as External Aid Office, CIDA reports to Parliament through the Secretary of State for External Affairs.

[5] Report of the Senate Committee on Foreign Affairs Respecting Canadian Relations with the Caribbean Area, First Session, Twenty-eight Parliament, 1968-1969 Queen's Printer, Ottawa, 1970, p.27.

from Canada to the territories has created little development.[6] Canadian foreign aid has become a major instrument of Canadian foreign policy in the region. It is the primary instrument relied upon to promote and protect Canadian interests. Consequently, the economic assistance programs have come to serve and to reflect the full range of Canada's interests in the Commonwealth Caribbean which in many crucial respects are not compatible with the economic development of the recipient countries.

This study is developed in four stages. Chapter 1 outlines a general insight of the nature of foreign aid. This chapter sets the stage by discussing the concept of development as perceived by developed countries. It also deals with bilateral and multilateral aid and their rationale as conceived by donor countries.

Chapter II provides an overview of the present political economy of the Commonwealth Caribbean. It is concerned with showing how the crucial sectors of the economy, however conditioned or aggravated by international factors, manifest the structural dependency of the region.

Chapter III deals with Canada-Commonwealth Caribbean Relations. Specifically, it is concerned with aid as perceived by Canada as an instrument

6 According to William Demas, development means not only economic growth, but economic growth generated from within a country as well as growth which results in economic diversification in the sense of the creation of more interdependence or "linkages" between the different industries, and activities within a given country. These are the minimum requirements of any technically objective definition of economic development - economic independence and a diversified interrelated structure of production. A satisfactory level of employment a fairly equal distribution of income, and the greatest possible participation by the people of the country in the Economy: William Demas, The Political Economy of the English Speaking Caribbean, A Summary View 1970, p. 8-9.

for development of the region. This chapter also discusses the political impact of Canadian assistance on the territories and the relevance of this assistance to Canadian investment.

Chapter IV provides a summary of Canadian aid to the region and offers some recommendations.

THE NATURE OF FOREIGN AID - AN INSIGHT

The Different Kinds of Aid

Hans Morgenthau, in trying to create what he calls "an intelligble theory of foreign aid," states that "the first prerequisite for the development of a viable foreign aid policy is the recognition of the diversity of policies that go by that name". He goes on to state that six types of foreign aid exist. They have common features which is transfer of money, goods and services from one nation to another. They are as follows:

Humanitarian Aid, which aims at supplying relief to populations victimized by cataclysms, floods, famines and epidemics. This aid is per se nonpolitical, although it may create conditions facilitating political actions.

Secondly, there is Subsistence Foreign Aid. This type of aid is extended to fill budgetary needs of governments such as those of Jordon and Niger, which do not have the resources at their disposal for the maintenance of a minimal public service. The primary aim in the final analysis, is to prevent political chaos and maintain the status quo, without increasing the viability of the beneficiary government. Aid for subsistence loses efficiency whenever the recipeint government is confronted by considerable political opposition.

Bribery accounts for the third type of aid. After a brief review of the evolution of bribery, Morgenthau suggests, that foreign aid serves today, in many cases as a mask for bribery. He points out that, "much of what goes by the name of foreign aid today is in the nature of bribes. The transfer of money and services from one government to another performs here, the function of a price paid by the former to the latter for political services rendered or to be rendered by the latter to the former".

Fourthly, there is Military Aid. This is the traditional type of foreign aid in any system of alliance. At the present time Morgenthau notes, it serves to mask other types of aid. The United States aid to Yugoslavia is a case in point. The purpose is not so much military as political. "It seeks political advantage in exchange for military aid. It obligates by implication, the recipient toward the giver. The latter expects the former to abstain from a political course which might put in jeopardy the continuation of military aid". In short, military aid in that respect would be masked bribery. The delivery of jet planes to underdeveloped countries serves to impart prestige to the recipient government rather than to achieve proper military purposes. Finally, "as bribery appears today in the guise of aid for economic development, so does aid for economic development appear in the guise of military assistance".

Prestige is the fifth kind of Aid. It has in common with modern bribes the fact that its true purpose also is concealed by the ostensible purpose of economic development or military aid. The unprofitable or idle steel mill, the highway without traffic and leading nowhere, the airlines operating with foreign personnel and at a loss, but under the flag of the recipient country. Such aid is granted to governments engaged in projects of "conspicious industrialization" that is, projects that function as symbols of progress rather than investments satisfying any objective economic needs of the country.

Finally, there is Aid for Economic Development. In analyzing the problem of foreign aid for development, Morgenthau points out four correlations generally held by aid donors. The first is that between injection of capital and technology and economic development. The author calls attention to physical, social and human limitations of certain countries that would render them inaccessible to the process of economic development. "To put it bluntly" as he points out, "as there are bums and beggars, so there are bums and beggar nations". They may be the recipients of charity, but short of miraculous transformation of their collective intelligence and character, what they receive from the outside is not likely to be used for economic development. Secondly, he argues that economic interests exist in the under-developed countries that prevent resources destined for economic development from being applied for that purpose. The hegemonic groups in several of these countries are interested in the maintenance of the status quo. Thus, foreign aid "is more likely to accentuate unsolved political and social problems than bring them closer to solutions". For this reason, in order that aid be efficient it is indispensable that, parallel to its granting, there be made political reforms or economic reforms with political consequences. The "promotion of drastic social change although it may create conditions for an uncontrollable revolution," which can generate political consequences unfavourable to the donor.

The third "false correlation" would be that between aid for economic development and the development of democratic instutions. The most probable hypothesis, Morgenthau argues, is that the moral intellectual prerequisites that are essential to economic development would not be distributed throughout the nation, but rather that they will be concentrated within a small minority. Hence, release of the process depends on the impositions of the will of a minority over the will of a nation as a whole.

Finally, he refers to the co-existence of a relationship between economic development and a peaceful foreign policy, and recalls the example of the Soviet Union which could engage in an expansionist foreign policy only after it had overcome the barrier of underdevelopment.

In concluding, Morgenthau reasons that foreign aid will be "efficient" only to the extent of the possibility of identifying concrete situations with the categories described and of granting aid that is adequate for the purpose aimed at, subject to criteria governing the global foreign policy of the donor country. A clear evaluation should also be made of the consequences of the simultaneous granting of several types of aid. Thus, bribes given to hegemonic groups, as well as aid for prestige and aid for subsistence, tend to strengthen the political and economic status quo of the recipient country; military aid will tend to influence the structures of political power and may have economic consequences such as aggravation of inflationary pressure; economic aid, on the contrary will tend to provoke modification in the status quo and consequently, it may annul the effects aimed at by other types of aid.[1]

The foregoing was a brief analysis of the different types of aid from donor countries, specifically, the United States. However, this study as indicated in the Introduction, will confine itself to only one type of aid - Economic Aid for Development. Furthermore, as we also observe, it is specifically concerned with Canadian aid to the developing Commonwealth Caribbean countries which would be analyzed within the Western Conceptual Framework of Development.

1 Hans Morgenthau, "A Political Theory of Foreign Aid" reprinted from Why Foriegn Aid? Robert A. Goldwin, edt. Rand McNally, Chicago 1963, p.70-89.

Western Conceptual Framework of Economic Development

According to Andre Gunder Frank in his essay, Underdevelopment or Revolution, theories of development produced for the underdeveloped countries by developed countries "are found to be empirically invalid when confronted with reality, theoretically inadequate in terms of its own classical social scientific standards and policy-wise ineffective for pursuing its supposed intentions of promoting the development of the underdeveloped countries".[2]

Briefly, the conceptual approach of a Western nation to underdevelopment and its consequent prescriptions for development can be classified under three main headings;

(1) the ideal typical index theory,

(2) the diffusionist theory and

(3) the psychological approach.

The first theory sets up supposedly typical characteristics of development and argues that development consists of abandoning these characteristics and adopting those of developed countries. The assumption underlying this approach is that underdevelopment "is an original historical state which may be characterized by indices of traditionalism and that, therefore, development consists of abandoning these characteristics and adopting those of the developed countries".[3]

Walt W. Rostow, in developing his celebrated theory of the stages of economic growth, conceives development as a phenomenon occuring along a continuum and characterized by ideal-typical types ranging from the traditional society to the age of high mass consumption society.[4] More important, however,

[2] Andre Gunder Frank, Latin America: Underdevelopment or Revolution, Modern Readers, New York, 1970, p. 21.

[3] Ibid, p. 24.

[4] W.W. Rostow, The Stages of Economic Growth, A Non-Communist Manifesto, Cambridge, Cambridge University Press 1964, p. 128-130.

is the assumption that underdevelopment is an original state. Implied in the assumption is the belief that "developed" societies have progressed along this continuum from underdevelopment to development. On the contrary, this is not necessarily the case. The United States was never underdeveloped, it was undeveloped. Conversely, it is questionable that the Inca, Maya and Aztec civilizations of pre-columbian Latin America were underdeveloped in economic, social or political terms.

Rostow's stages and thesis are incorrect, primarily because they do not correspond at all to the historical and present-day reality of the under-developed countries whose development they are supposed to guide. According to Andre Frank, "it stands to reason that any serious attempt to construct theory and policy for the development of the now underdeveloped countries has to be based on the examination of the experience of the underdeveloped countries themselves - that is, on the study of their history and of the world historical process which has made these countries underdeveloped".[5]

The second mode concerns itself with how these typical characteristics of the first mode are supposedly diffused from the developed to the under-developed ones. The theoretical approach to the study of development postulates the view that while some nations are unfortunately backward or primitive, they can evolve in the direction of the modern or developed nations, if they adopt acceptable behaviour and modern goals. They too can develop if the diffusion of certain cultural patterns, values attitudes and generous aid transfers of capital and technology take place.[6]

5 Andre Gunder Frank, p.41.

6 Ibid, p.48.

The diffusion is seen to spread from the metropolis of the advanced capitalist countries out to the national capitals of the underdeveloped ones, and from these in turn out to their provincial capitals and finally, to the peripheral hinterlands. According to this concept, since development consist of and is promoted by diffusion and acculturation, underdevelopment remains because of internal obstacles or resistance to diffusion. However, we are told by Ernesto Lachau that "it is incorrect to consider contemporary underdevelopment as a simple reflection of the economic, political, cultural and social structures of the underdeveloped country itself. On the contrary, underdevelopment is in a large part the historical product of relations between the underdeveloped satellite and the present developed countries. These relations were, moreover an essential part of the structure and evolution of the capitalist system on a world scale".[7]

According to Gunder Frank, the theorist makes no inquiry into the nature of underdevelopment and how it is caused. In effect, "the diffusionist theory does not suggest to the peoples of the underdeveloped world that they inquire into and remove the cause of underdevelopment; instead they advise them to wait and welcome the diffusion of capital and technology from the outside".[8] The advocates of this concept tend to view foreign aid merely as a self-sufficient technical enterprise to be achieved with the tools and judged by the standards of pure economics. The misconception is based on the economic development of the now developed countries. According to Hans Morgenthau, it has been asserted that since Western economic development from the first industrial revolution onwards, has been due to the formation of capital and technical know-how, the

[7] Ernesto Laclau,(h) Feudalism and Capitalism in Latin America, New Left Review, No.67, May-June, 1971, p.20.

[8] Gunder Frank, p.48.

developed countries have tended to assume that these two factors would by themselves provide the impetus for the economic development of the underdeveloped nations of Africa, Asia, the Caribbean and Latin America.

This conviction has been powerfully supported by the illuminating success of the Marshall Plan,[9] the political origins and motivations of which were easily forgotten in its justification as a strictly economic measure for the provision of capital and technological know-how. Yet, it is not always recognized that this success was made possible only by the fact that, in contrast to the underdeveloped nations of Africa, Asia, the Caribbean and Latin America, the recipients of Marshall aid were among the leading industrial nations of the world whose economic systems were but temporary in disarray.[10]

9 According to H. Arnold, the United States planning for the post-war period was based on the assumption that a short period of U.S. grant assistance would be followed by the fairly rapid restoration of international balance, with the international Bank for Reconstruction and Development (The World Bank) facilitating private investment and making long term loans, and the International Monetary Fund (IMF) easing temporary balance of payments difficulties. These hopes of a short transition period to "normality" were confounded, however, and the economic situation in Western Europe began to grow serious. Therefore, in 1947, Secretary of State, George Marshall proposed the European recovery programme. It was significant that Marshall stated that the U.S. economic aid must not be on a piecemeal basis as various crises developed but must be based on a regional plan drawn up by the European countries themselves. U.S. aid must "provide a cure rather than a mere palliative". The Marshall Plan, known officially as European Recovery Programme came into effect in 1948, it was basically a grant programme with a cost ceiling ($17,000 million) a time limit (four years and a definite objective reconstruction). The U.S. motive was an obvious one - as George Marshall put it,"without the return of normal economic health in the world there can be no political stability and no assured peace" H.J.P. Arnold, Aid for Development; A Political and Economic Study, Dufour Edition, U.S.A. 1966, p.38.

10 Hans Morgenthau, p.78.

The theory dictates that underdevelopment is primarily the result of lack of material benefits, namely, capital and technology. It also regards underdevelopment as a "kind of deficiency disease which can be taken care of through the infusion of capital and technological know-how".[11] In short, the diffusionist concept concedes the contention that being poor or backward, the underdeveloped countries lack capital, and as a result, find it impossible to develop and finally alleviate their poverty. Therefore, the developed countries should diffuse capital, so as to promote the economic development of the underdeveloped countries.

Empirical Validity of Conceptual Approach

The empirical validity of this theory is questionable on the basis of aggregate flow of funds being provided by the developed countries to the developing countries. In Table 1.1, a bird's eye view of the pattern of financial flow is given which is divided into three categories.[12] Table 1.1 shows that total resources outflow from the Development Assistance Committee (DAC) countries[13] (Soviet Union and Eastern Europe not included) to developing

11
Ibid, p.79

12
1. Official Development Assistance, consist of funds made available by governments on concessional terms primarily to promote economic development and welfare of developing countries.

2. Official flows, comprising official export credits, some of which may have concessional elements, and net purchases by governments of bonds, loans and participatings of multilateral agencies.

3. Private flows, including direct investment, portfolio investments, and private export credits with maturities of longer than one year.

13
The DAC countries are as follows: Austria, Belgium, Canada, Denmark, France, Germany, Italy, Japan, United Kingdom and the United States, Netherlands, Norway, Portugal, Sweden, Switzerland.

TABLE 1.1

NET FLOW[1] OF FINANCIAL RESOURCES FROM DAC COUNTRIES, 1960-1970

NET DISBURSEMENTS

Million U.S. Dollars

	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970
I. Official Development Assistance	4,665	5,197	5,442	5,770	5,957	5,916	6,001	6,552	6,316	6,610	6,808
1. Bilateral grants and grant-like flows	3,692	3,991	4,020	3,940	3,806	3,714	3,701	3,578	3,344	3,250	3,298
2. Bilateral loans at concessional terms	439	685	911	1,463	1,746	1,854	1,966	2,238	2,289	2,312	2,386
3. Contributions to multilateral institutions	534	521	511	367	405	348	334	736	683	1,047	1,124
II. Other Official Flows	300	946	542	245	-41	283	430	507	731	582	1,159
1. Bilateral	233	716	527	284	34	278	377	488	741	597	886
2. Multilateral	67	230	15	3	7	5	53	19	10	15	273
III. Private Flows	3,150	3,106	2,453	2,557	3,729	4,121	3,959	4,381	6,380	6,478	7,575[2]
1. Direct Investment	1,767	1,829	1,495	1,603	1,572	2,468	2,179	2,105	3,045	2,804	3,408
2. Bilateral portfolio	633	614	147	327	837	655	480	800	972	1,277	809
3. Mulitlateral portfolio[3]	204	90	239	33	461	247	175	469	767	419	343
4. Export credits[4]	546	573	572	660	859	751	1,124	1,007	1,596	1,978	2,174
IV. Grants by private voluntary agencies	..	..	..	..	..	..	..	..	..	..	840
Total Net Flow	8,115	9,249	8,437	8,572	9,645	10,320	10,390	11,440	13,427	13,670	15,542[2]

1. Gross disbursements minus amortization receipts on earlier lending.
2. Including grants by private voluntary agencies on the same basis for other years, total private flows (Item III) would read 6,735 and the figure for total net flow would read 14,701.
3. These funds of private origin are mingled with those under 1.3, and 11.2 and other funds from non-DAC sources, in programmes governed by criteria similar to those applied in bilateral official development assistance programmes.
4. Measured by some countries as change in outstanding amounts guaranteed, by others as change in outstanding amounts due on disbursed credits. Interest is included in the sums recorded as outstanding, so that the net flow tends to be overstated if gross new guarantees are rising and vice versa.

Source: OECD, Development Assistance, 1971, Table 11.1.

countries and multilateral agencies, rose from $13.4 billion to $15.5 billion between 1968 and 1970.

The table also reveals the proportion of grants and grant-like flows has dwindled while that of loans had increased.[14] Thus, "interest and loan repayments by poor countries amounted to U.S. $1,574 million in 1968; in 1963 they had been U.S. $796 million".[15] The United States net private investment increased by some $350 million, for a net total of $7 billion in 1970, reaching a record high of $78 billion of total investment flow to the rest of the world.[16]

14
According to E.K. Hawkins, the essence of a grant is that it leaves no liability behind it for repayment. When resources are obtained on a loan basis there is such a liability for repayment and for the servicing of the debt. Such funds have a price in the form of interest or dividends and must therefore be employed within the recipient economy in such a way as to yield more than the cost. When debts are contracted between nationals of a particular country or between individual entities of that country a similar situation arises and the obligation to pay interest and amortize the debt is always a serious consideration. At the same time there is no transfer problem involved, in the sense that it arises once debts are contracted between countries. The recipient country, or the borrowing country in this case, needs both to raise the necessary money to pay interest and to authorize the debt but it also needs to be able to transfer those funds to the creditor country in a form acceptable to the latter. In most cases the creditor country will not be prepared to accept payment in the form of the currency of the borrowing country. The borrower must so arrange his economic affairs that he can acquire the necessary foreign exchange to pay the interest and amortization. It is mainly for this reason that developing countries have found the debt problem to be an increasingly acute one. E.K. Hawkins, The Principles of Development Aid, Penguin Books, Manchester, 1970, p.55.

15
Harold Caustin, "International Development Policies", Development in a Divided World, edited by Dudley Seers and Leonard Joy, Penguin Books, Great Britain, 1970, p.323.

16
U.S.A. Foreign Policy in 1971, A Report of the Secretary of State, U.S. Government Printing Office, Washington, D.C., 1972, p.212.

Statistics are not available to show the actual profit involved in the aid aspect of investments. Citing the U.S. private flow as an example, Andre G. Frank, states that between 1950 and 1965, the total flow of capital on investment account from the U.S. to the rest of the world was $23.9 billion, while the corresponding return flow from profits was $37.0 billion or a net inflow into the United States of $13.1 billion. Of this total, $14.9 billion flowed from the United States to Europe and Canada while $11.4 billion flowed in the opposite direction, for a net outflow from the United States of $3.5 billion. Yet, between the United States and all other countries, the situation is reversed; $9.0 billion of investment flowed to these countries while $25.6 billion income flowed out of them, for a net inflow from the poor to the rich of $16.6 billion.[17]

Despite this constant interaction, little development has taken place. All this points to the fact that it is not difussion of capital which is necessary for the development of the underdeveloped countries. Frank points out that "the metropolitan investment in and control of the crucial sectors of the economy have failed to develop the underdeveloped countries, but has instead interposed a whole series of obstacles to their development."[18] Another author, K. Griffin, making the same observation states that "the greater is the capital inflow from abroad the lower is the rate of growth of the receiving country. There is absolutely no support for the orthodox view that foreign aid accelerates the rate of growth".[19] On the contrary, during the economic

17 Andre Gunder Frank, p.49.

18 Ibid, p.52.

19 K. Griffin, Underdevelopment in Spanish America, Allan and Unwin, London, 1969, p.121.

depression of the world capitalists system, the dominant nations are preoccupied with internal problems, turn inward, and that the consequent weakening of the links to the dependent nations afford the latter the opportunity for autonomous capitalist development. This supports Frank's argument that the spurts of development in Latin America are the result of temporary isolation from the metropolis, not from contact or close relationships. Frank argues further that the return of stagnation or underdevelopment coincides with the re-establishment of dependency.[20]

The diffusion of technology likewise has not helped the economic development of the underdeveloped countries. Because it has been concentrated in certain sectors of the economy, namely where foreign enterprises have vested interest, the technology the underdeveloped country receives through foreign subsidiaries has resulted in foreign domination of their economies. The underdeveloped countries can be said to be in a perpetual state of technological colonialism, wholly dependent for scientific innovations on the subsidiaries of foreign industries.

According to A. Frank, the problem of technology and its diffusion arises out of the same monopoly structure of the economic system of the world. He goes on to observe that during the course of the historical development of the capitalist system on these levels, the developed countries have always diffused out to their satellite colonial dependencies the technology whose employment in the colonial and now underdeveloped countries has served the interest of the metropolis; and the metropolis has always suppressed technology in the now underdeveloped countries which conflicted with the interest of the metropolis and

20 Andre Frank, Capitalism and Underdevelopment in Latin America, Monthly Review Press, New York and London, 1969, p.170-213.

its own development.[21]

Frank observes that some of the facts of technological diffusion which sharply contrast with most of the diffusionist faith were recently analyzed in News Week under the title The U.S. Business Stake in Europe.

"to knowledgeable Europeans, in fact, the technical lead of the big U.S. companies is the most disturbing facet of the dollar invasion. In future, a French study committee recently concluded, competition over prices will give way to competition in innovations, and the pace will be so hot that only firms of international size - that is, American ones, chiefly - will survive.... European industries will function more and more under foreign licensing agreements; they will become subsidiaries of U.S. parent companies, which will sell them their know-how and manage Europe's production...French politicians and publications of the right, left, and center have been accusing the U.S. of economic colonization, satellization, and vassalization... A company Chairman in Brussels, sums up, "we are becoming pawns manipulated by U.S. giants"... An Olivetti Executive discussing alternatives to the GE (General Electric) deal... declared "but even if we had merged with Machines Bull in France and Siemens in Germany (which later signed a licensing agreement with RCA (Newsweek), we still would have been dwarfed and eventually put out of business by the U.S. Giants.... Research costs are too high. The transatlantic technological gap is a fact of life.... We studied a European solution very carefully.... There is no European solution to these problems".[22]

21 Andre Frank, p.53-54.

22 Andre Frank, p.54 - 55.

Frank observes that, "if these strong and developed European economies cannot find a European solution to the real developmental problem posed by the technological gap, what hope do the weak and underdeveloped economies caught in the same system have to find a solution".[23]

In short, the diffusionist theory examines the problems of development, as if there were no causal connection between the predicament of the under-developed nations and the prosperity of the developed nations. The theorists do not question the world wide market and the structure of dependency which is basically a system of control over underdeveloped nations. The theory proposes changes that are relatively trifling and do not threaten the governing system. As a result, the order and stability which is based on present power relationship remains the acknowledged deity. The theory is the product of the system. It defends, diagnoses and prescribes from within lacking a sense of the broader realities of history, Thus,

> "the advocates forget that it is impossible to bring about a deliberate and purposeful change in the present without knowing how this present state came about. We cannot successfully fight any phenomenon without knowing its roots. Descriptions, surveys or even preference graphs may be useful in assessing the measure of the phenomenon in question, but they do not tell us anything about its causes and so, in consequence, they are unsuitable for any practical policy of change. Substituting any description of the surface phenomena of underdevelopment for a theory of underdevelopment is totally unacceptable. Only a historical explanation a historically verifiable theory is good enough.[24]

23 Ibid, p.55.

24 Tamas Szentes, The Political Economy Of Underdevelopment, Akademiai Kiado, Budapest, 1971, p.17.

As a policy of economic development the theory has proven to be ineffective. Underdevelopment is not "rooted in providence, inferior personality traits, or traditional values".[25] Rather, it exists because the underdeveloped countries have been the object of systematic subjugation by the developed countries. For centuries, the underdeveloped countries have been in constant contact with the developed countries. Yet, despite this contact or because of it, development has not taken place. It can be asserted then "diffusionism is inherently ineffective as a policy of economic development and cultural change".[26]

The third mode complements the ideal-typical and the diffusionist mode in that it demonstrates how the ideal-typical characteristics are diffused and are to be acculturated by the underdeveloped countries. Since this argument is really an extension of the point of view of the first two modes, it is best discussed in conjunction with them.

CHANNELS OF AID

Bilateral Aid

At present by far the greater part of all economic aid is provided bilaterally, on a government-to-government basis. In 1967, bilateral aid accounted for almost 90% of all official development assistance.[27] Financial aid to the developing countries comes overwhelmingly from DAC countries. The United States is the largest individual source of the aid, in absolute terms, providing 37% of the combined DAC net flow in 1970, (excluding grants by private voluntary agencies), against 34% in 1969. The next largest is Japan. With an increase of 44% in its net flow, Japan moved from fourth place in 1969, to second in 1970, surpassing France and Germany. Table 1.2 gives a

[25] Denis Goulet, p.9.

[26] Ibid, p.66.

[27] Lester B. Pearson, Partners in Development, Report of the Commission on International Development, Praeger Publishers, New York, 1969, p.209.

complete breakdown of the performance of DAC countries.

In the international strategy, all DAC countries have accepted the objective that "each economically advanced country should endeavour to provide... annually to developing countries financial resource transfers of a minimun net amount of 1% of its G.N.P."[28] Six DAC countries, (Australia, France, the Netherlands, Portugal and the United Kingdom) provided total net flows to developing countries exceeding 1% of their GNP in 1970. Denmark, Germany and Italy, which passed this figure in 1969, fell below it in 1970. Other DAC Members which raised their net flows very considerably in amount and as a share of GNP in 1970, were Canada and the Netherlands and also Australia, which reached the 1 percent target for the first time. The Netherlands had a net resource flow of 1.44 percent of GNP, one of the highest outflows from a DAC Member on record. (See Table 1.3 for more details).

The geographic distribution of aid made available by different countries reveals widely different patterns. According to Keith Spicer,

> "every bilateral aid programme, however large is politically selective in its distribution. Choice of recipients may rest on many factors, all more or less related to maximizing the donor's influence. In Canada's policy this goal has suggested concentrating on three areas; the Commonwealth, the French speaking world, and more recently Latin America. Each area reflects a popular Canadian outlook, and each presents advantages and objects rooted in international politics".[29]

[28] OECD, Development Assistance 1971 Review, Paris, 1971, p.47.

[29] Keith Spicer, A Samaritan State? External Aid in Canada's Foreign Policy, University of Toronto Press 1966, p.53.

TABLE 1.2

THE TOTAL NET FLOW OF OFFICIAL AND PRIVATE FINANCIAL RESOURCES FROM DAC MEMBERS TO LESS-DEVELOPED COUNTRIES AND MULTILATERAL AGENCIES 1960 - 1970

Net Disbursements							Millions of U.S. Dollars					
Countries	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970[1]	1970[2]
Australia	59	71	74	97	119	145	150	194	206	232	369	385
Austria	6	20	31	6	21	47	49	48	74	81	92	96
Belgium	182	164	118	175	164	221	178	164	243	257	294	309
Canada	145	87	110	131	142	169	267	272	308	364	579	626
Denmark	38	33	15	10	32	15	21	25	83	151	94	97
France	1,325	1,406	1,395	1,242	1,361	1,299	1,320	1,341	1,720	1,710	1,806	1,808
Germany	628	847	609	621	706	735	788	1,145	1,664	2,028	1,409	1,487
Italy	298	258	390	321	237	266	632	287	550	848	720	725
Japan	246	381	286	267	290	486	625	798	1,049	1,263	1,821	1,824
Netherlands	239	200	114	134	118	239	254	228	276	369	451	457
Norway	10	27	7	21	23	38	17	30	59	75	63	67
Portugal	37	44	41	51	62	30	40	79	48	98	64	65
Sweden	47	52	37	53	67	73	108	121	129	212	204	229
Switzerland	157	211	161	203	110	192	110	136	241	119	126	137
United Kingdom	881	899	744	721	919	1,032	911	803	761	1,146	1,216	1,259
United States	3,818	4,549	4,305	4,519	5,274	5,333	4,920	5,769	6,017	4,716	5,393	5,971
Total DAC Countries	8,115	9,249	8,437	8,572	9,645	10,320	10,390	11,440	13,427	13,670	14,701	15,542

1. Excluding grants by private voluntary agencies

2. Including grants by private voluntary agencies

Source OECD, Development Assistance, 1971

TABLE 1.3

TOTAL FLOWS AND NATIONAL PRODUCT
THE NET FLOW OF TOTAL OFFICIAL AND PRIVATE FINANCIAL
RESOURCES IN RELATION TO GROSS NATIONAL PRODUCT[1], 1960-1970

Countries	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1970[2]
Australia	0.38	0.44	0.43	0.51	0.57	0.64	0.63	0.74	0.73	0.74	1.08	1.12
Austria	0.09	0.30	0.43	0.08	0.25	0.51	0.49	0.44	0.65	0.65	0.65	0.67
Belgium	1.59	1.35	0.91	1.24	1.04	1.29	0.97	0.84	1.17	1.12	1.17	1.23
Canada	0.37	0.23	0.28	0.31	0.31	0.33	0.47	0.45	0.46	0.50	0.72	0.77
Denmark	0.64	0.50	0.20	0.13	0.35	0.15	0.19	0.20	0.67	1.08	0.60	0.62
France	2.15	2.10	1.86	1.48	1.46	1.30	1.22	1.15	1.35	1.22	1.24	1.24
Germany	0.87	1.02	0.68	0.65	0.67	0.64	0.64	0.92	1.23	1.32	0.76	0.80
Italy	0.85	0.66	0.89	0.64	0.43	0.45	0.99	0.41	0.73	1.03	0.78	0.78
Japan	0.57	0.71	0.49	0.40	0.36	0.55	0.62	0.67	0.74	0.76	0.93	0.93
Netherlands	2.11	1.61	0.85	0.92	0.69	1.24	1.22	0.99	1.09	1.31	1.44	1.46
Norway	0.23	0.55	0.13	0.37	0.36	0.55	0.22	0.36	0.65	0.77	0.56	0.59
Portugal	1.46	1.63	1.41	1.65	1.83	0.81	0.97	1.74	0.96	1.75	1.01	1.02
Sweden	0.36	0.36	0.24	0.32	0.36	0.35	0.48	0.50	0.50	0.75	0.65	0.73
Switzerland	1.83	2.19	1.51	1.74	0.86	1.38	0.73	0.85	1.41	0.64	0.61	0.67
United Kingdom	1.22	1.17	0.92	0.84	0.99	1.03	0.85	0.73	0.74	1.04	1.00	1.04
United States	0.75	0.86	0.76	0.75	0.82	0.77	0.65	0.71	0.68	0.50	0.55	0.61
Total DAC Countries	0.89	0.95	0.80	0.76	0.79	0.77	0.71	0.74	0.80	0.75	0.74	0.78

1. At market prices.
2. Including grants by private voluntary agencies.

Similarily, the United States bilateral aid "is designed primarily to promote the United States national security, and foreign policy in selected countries".[30] The Act for International Development sets forth three basic criteria which largely determines the volume and content of United States economic assistance in any particular country. Those are of political importance to the United States, the country's size, population, strategic location and resources; the existence of stability and conservatism; and finally, the leaders must have a pro-western orientation and a relatively high level of administrative competence so as to absorb external resources for growth.[31]

The aid of the United Kingdom on the other hand is considerably concentrated in British Commonwealth countries and former colonies in Africa, Asia and the Caribbean while that of France is even more concentrated in associated countries, mostly in Africa. Thus, a particular group of underdeveloped countries receives relatively more substained and substantial aid than others. This is reflected in countries distribution for 1960-1966 and 1968-1970, in Table 1.4. Among the principal donors, the aid of the United States is most widely spread around the world. Canada and West Germany also reveal a relatively wide geographic spread to their aid. Britain continues to concentrate in Africa and Asia, while France is conspicously concentrated in Africa and to a certain extent in Latin America. Japan's aid, for geopolitical reasons, goes primarily to countries in Asia.

30 Uner Kirder, The Structure of United Nations Economic-Aid to Underdeveloped Countries, Martinus Nijoff, The Hague 1966, p.315.

31 Ibid, p.314.

TABLE 1.4

TOTAL OFFICIAL BILATERAL AND MULTILATERAL NET FLOWS
BY REGION, 1960-1966 AND 1968-1970

	1960-66	1968-70	1960-66	1968-70	1960-66	1968-70	1960-66	1968-70	1960-66	1968-70	1960-66	1968-70	1960-66	1968-70
ralia		0.01	0.33	1.15		0.05	18.39	36.71	62.87	127.67	0.46	0.67	82.06	166.25
ria	3.56	0.94	1.27	1.56	1.64	0.52	4.27	6.65			0.0.36	1.67	11.09	11.34
ium	0.75	1.13	75.78	72.41	0.73	6.87	0.10	6.78			0.72	1.14	78.07	88.33
da	0.02	11.82	5.85	36.09	15.39	12.60	63.10	154.48	0.01	0.01	3.20	7.00	87.56	222.0
ark	0.10	0.29	0.62	14.12	0.26	2.90	1.24	7.60			0.85	3.44	3.06	28.35
ce	5.89	32.86	636.10	519.90	98.19	165.57	15.59	74.13	22.47	37.83	19.90	37.03	798.13	858.33
any	39.98	89.45	59.57	117.36	32.19	61.22	199.50	216.21			41.91	26.59	373.15	510.83
y	26.56	16.97	38.18	53.60	0.32	6.30	3.30	42.90			1.60	2.18	69.32	109.35
n	0.05	60.76	0.35	20.38	3.82	37.62	131.41	573.48		0.22	0.24	34.07	135.87	726.54
erlands	0.29	3.49	0.73	8.60	13.75	40.38	16.74	55.02			4.28	23.67	35.79	131.1
ay	0.17	0.52	0.62	8.60	0.01	0.11	1.62	4.32			0.12	0.19	2.54	13.74
ugal			38.06	46.29			0.52					9.85	38.58	56.14
en	0.50	0.49	3.58	24.51	0.02	0.69	4.61	20.36			0.90	7.15	9.61	53.2
zerland	1.41	0.54	0.93	6.44	0.97	0.63	0.81	6.16		0.02	1.27	1.64	5.38	15.43
ed Kingdom	26.27	25.12	193.84	139.79	27.80	31.56	137.81	144.72	8.08	17.63	9.54	21.65	403.34	380.54
ed States	313.56	92.00	444.31	275.67	544.64	639.00	1,869.67	1,858.67	11.63	44.66	102.68	100.00	3,286.38	3,010.0
teral Total	419.09	336.40	1,500.10	1,346.54	739.10	984.43	2,468.55	3,208.18	105.07	228.06	188.01	277.91	5,419.92	6,381.52
	18.96	51.82	52.10	13.62	115.77	161.98	71.63	68.27		0.25			258.46	295.94
	1.40	5.24	2.67	9.82	5.79	13.38	3.01	16.60					12.87	45.0
	1.74	10.50	0.57	56.77		9.40	81.21	124.88		0.33			82.38	201.8
		0.52			9.09	147.96		0.83					9.09	147.6
				8.32										8.3
								22.87		0.15				22.71
	6,13	34.70	59.18	125.17	2.87	7.07	0.59	10.37	3.01	2.16	1.06	4.43	70.14	183.9
	5.34	16.13	55.53	125.46	22.72	55.85	76.28	135.42	0.45	1.80	18.82	18.82	184.14	352.7
ilateral Total	33.57	118.90	168.91	322.57	143.06	395.64	232.72	331.77	0.76	4.69	19.87	22.54	598.89	1,196.1
TOTAL	452.66	455.30	1,669.11	1,669.11	882.16	1,380.08	2,701.27	3,539.95	105.83	232.75	207.88	300.46	6,018.81	7,577.6

Source: OECD, Development Assistance Review, 1971, Paris 1971.

The table also reveals that, since 1960, there has been a greater geographic dispersion of aid. This dispersion has occurred through an increase in the volume of aid dispersed through multilateral agencies as well as in the bilateral aid policies of individual donors. The aid of the multilateral agencies, being less subject to special political factors, is widely dispersed. Individual donors, especially those whose aid has been relatively concentrated geographically are extending their assistance to more and more countries. The United Kingdom and France have been steadily moving beyond the Commonwealth aid Francophone area. As a result, aid recipients are dealing with an increasing number of donors. Several rationale have dominated the bilateral activities. These rationale have been mainly political. Sometimes, it has been good politics which has been the dominant reason; for example, "the desire to promote the economic development of the less developed countries and to raise their standard of living of the people of those countries. But in most cases it was selfish political motivations which were in the forefront".[32]

Over the past years an increase in justification and rationalization has taken place in the donor countries. Professor Irving L. Horwitz citing American foreign aid programme as an example, capsulized it very vividly when he stated that the justification and rationalization for aid differs in each period thus,

> "in the 1940's, its primary purpose was European recovery along capitalist democratic lines, hence a world safe for capitalism. In the 1950's foreign aid for a world safe for democracy or at least safe from Soviet

[32] Uner Kirder, p.313

expansionism. In the 1960's foreign aid was tied to the task of economic development specifically to making Development Decade successful. In the 1970's aid programmes are increasingly showing signs of being linked to an improved human and physical environment. In every period it is probably correct to say that such foreign aid was often linked to the needs of what is euphemistically termed the cosmopolitan center of the client nations than to their colonized periphery".[33]

Despite these rationalizations, one of the main reasons for giving economic assistance bilaterally is because "it creates purchasing power in the recipient countries to buy the goods of the donor country".[34] In other words, virtually all bilateral aid is tied to the donor's national exports. From the donor's point of view, this seems to guarantee that the commercial benefits of assistance come back to them instead of going to another nation. According to Honourable Mitchell Sharp, Canadian Secretary of State for External Affairs,

"assistance to less developed nations serves Canada's interests in some other and more immediate respects. It is an important and integral part of the general conduct of Canada's external relations particularly with the developing countries. It provides an initial source of financing for export of Canadian goods and services to the less developed nations and provides Canadians with the kind of knowledge and experience which help support the expansion of Canadian commercial interests overseas. Successful economic development in the less developed countries will assist in the expansion of world

33
Irving Louis Horwitz, What U.S. Policy for Latin America? Current, No.135. Dec. 1971, p.43.

34
Uner Kirdar, p.315.

trade as a whole and provide a growing market for Canadian goods and services".[35]

The increased use of suppliers credits and other methods to stimulate exports has promoted aid-tying. In recent years, especially on the part of the United States, aid tying has been extensively broadened because of balance-of-payment difficulties. The object of U.S. tying restrictions "is to curtail sharply the expenditure of aid proceeds by recipient countries on the export goods of the other more advanced countries. The reason behind this is that when the exports of these countries increased, they would be likely to accumulate additional foreign exchange reserves at the expense of the U.S. rather than to increase their imports from this country. It would be clear therefore, that aid tying on balance-of-payment grounds is a reflection of the inadequacy of the working of the international financial mechanism of adjustment for the restoration of payments equilibrium among the more advanced countries".[36]

Conversely, many of the advantages of aid-tying to the donors are disadvantages to the recipient countries. The most onerous combination is the tying of aid both to specific projects and to purchases in the donor country. Under this combination the competitive possibilities are limited to a narrow range of goods. The tying of aid to procurement from donor country suppliers or in other ways limiting a poor country's use of financial aid usually means higher prices, less suitable equipment and commercial intervention. A recognition of such drawbacks is implied in the Report of the Commission on International Development, urging donor countries to reduce

[35] Mitchell Sharp, International Development, Foreign Policy for Canadians, Queen's Printer, Ottawa, 1970, p.10.

[36] Robert M. Stern, International Financial Issues in Foreign Economic Assistance to the Less Developed Countries, Economic Development and Structural Change edited by I.G. Stewart, Edinburgh University Press, 1969, p.51.

progressively the scale of tying.[37] However, "urgent balance of payment considerations and commercial interest have combined to frustrate any freeing of aid and tying is in fact increasing".[38]

Furthermore, "recipient countries consider that there is a definite presumption that aid tying is an ineffective policy. This situation is not especially serious where the donor country can supply a broad range of goods at or close to world market prices. But the disadvantages will become more substantial as the donor country narrows its range of available goods, becomes less competitive internationally and tolerates explicit or implicit collusion by domestic producers in setting prices for aid financed goods. The disadvantages to the recipient will vary also depending on its availability of other external resources besides the tied aid. The more limited these other resources, the greater will be the reliance of the recipient on tied aid and the greater therefore the possibility that this aid may not accord well with the recipient's needs and development priorities".[39]

The political implication of such aid is that, it further limits the autonomy of recipient countries economic policy-makers. This has meant that donor countries have played (and are still playing) a predominant role in matters of recipients trade, economic development and foreign relations. According to Dudley Seers, this political relationship may well obstruct rather than stimulate development. "The most important developmental implications of aid are not so much the resources it provides as what is in the total 'package' of which it is an integral part. This may include, to

37
Pearson Report, p.173-175.

38
Harold Caustin, Aid·Development in a Divided World, edited by Dudley Seers and Leonard Joy, Pelican Books, Great Britain 1971, p.318-319.

39
Robert M. Stern, p.52.

recapitulate,trade arrangements discriminating in favour of the donor, the spread of attitudes, technique and tastes which are inappropriate for poor countries, the establishment of military bases, a stronger position for certain ministers, or a ceiling on the expansion of social services".[40]

Mulitlateral Aid

Since the Second World War, many international and regional financial agencies, both publicly and privately sponsored have been created to aid underdeveloped areas by making loans both to governments and to private enterprise. The largest is the World Bank or International Bank for Reconstruction and Development, (IBRD) which started before the end of World War II in response to the malfunctioning of the International payments machinery. During that same period, the International Monetary Fund (IMF) was created. Its primary purpose is facilitating the development of the productive resources of all its members. It also gives assistance to its members by making resources available to them in order to enable them to correct maladjustment in their balance-of-payment difficulties.

Another such agency is the International Development Association (IDA), a World Bank affiliate established in 1960 to meet the needs of a growing number of underdeveloped countries whose constant balance-of-payments deficits make it difficult for them to pay interest on their borrowed funds. The International Finance Corporation (IFC), another World Bank affiliate, is primarily responsible for providing credits to promote industrial development, including technical and financial appraisal and the supervision of industrial

[40] Dudley Seers, The Total Relationship, p.344-345.

and mining projects. Besides these multilateral agencies, there is also the United Nations with its specialized agencies, providing important sources of technical assistance in their particular fields - agriculture, health education, science and culture. The United Nations agency most related to aid is the United Nations Development Programme (UNDP). The funds for UNDP are provided by the member nations of the United Nations for technical assistance to developing countries in preparation of development schemes.

Of the multilateral institutions, the most important are the Organization for Economic Cooperation and Development (OECD) the European Economic Community,[41] and the Alliance for Progress in conjunction with the Organization of American States. More recently, the field of financing has seen the formation of

[41] The Organization for European Economic Cooperation, was a piece of ad hoc machinery formed to assist in the distribution and administration of aid made available by the U.S. to Western Europe under the Marshall Plan, when that need passed, the institution transformed itself into the Organization for Economic Cooperation and Development, forming links with such countries as Canada, Australia and Japan, and becoming a continuing forum for the developed countries to consider aspects of development in a way that was not being done by other international agencies.

The Common Market has institutions of financial natures which are now part of the system by which funds are channelled from the richer to the poorer countries. These are the European Investment Bank and the European Development Fund. The former was originally set up to make investments in Common Market Countries, but its activities have been extended to include developing countries which are associated with the Common Market or which have links with its member countries. The European Development Fund was set up as a part of the Common Market machinery especially to channel funds to countries and territories outside Europe with a special relationship with the Common Market countries.

E.W. Hawkins, The Principles of Development Aid: Penguin Books, London, 1970, p.113-114.

regional development banks. The first bank set up in 1959 was the Inter-American Development Bank followed by the African Development Bank (1964), the Asian Development Bank (1966), an East African Development Bank (1968), the Andean Development Bank (1968) and a Caribbean Development Bank (1968). Thus far, the record shows a high agency "birth rate with no death". The only instance of decrease has been the merger of the United Nations Special Fund. "The result of the proliferation of international organizations is a bewildering array of agencies to which a developing country may turn for assistance, a confusion of advice concerning appropriate priorities which it might adopt, and a difficult problem of choice for the rich countries in deciding how to allocate their assistance among them".[42]

The need for any further expansion of multilateral institutions is difficult to visualize, except perhaps on environmental issues. Proposals for new agencies, it is assumed are based on the hope that the flow of funds will increase if there are more agencies. What will certainly increase is the dependence of the developing countries on multilateral agencies. In general, multilateral agencies depend upon government support of the developed countries, and the financial control rests with these governments. However, some agencies may raise funds directly from the public, as IBRD bond issues, and UNICEF Christmas cards, but in the last analysis they are channels of national funds, public or private, which come largely from rich countries. Robert E. Asher states critically that "the multilateral effort is sometimes only the wagging tail of a bilateral dog. Sometimes, it is the dog, but with a bilateral tail

[42] Walter M. Kotschnig, The United Nations as an Instrument of Economic and Social Development, International Organization, Vol. XXIII, No. 1, Winter 1968, p.445.

and more bark than bite. Occasionally it reveals itself as a pedigreed throughbred".[43]

From the standpoint of the recipient countries multilateral aid has several advantages. One is that aid is untied to purchases from specific countries. Another advantage is that recipient countries are less susceptible to the shifting moods of national and international policies. A third advantage is that this kind of aid is more acceptable to national price and finally, more stable in regard to quantum and terms.[44] In short, the wide support in developing countries for multilateral aid rests on political, economical and institutional grounds. In this connection, it is usually argued, that multilateral programmes are "non-political" in character and creates less threat than bilateral aid to the sovereignty of the recipient country, because they concentrate on development objectives rather than having various national interests in mind. However, we are reminded by Robert Asher that "it is hard to think of any national action in international affairs that is not political".[45]

Economically, the most obvious advantage to recipient countries is the fact that multilateral aid is generally untied with respect to the source. However, some observers have pointed out that the general practice of multilateral aid agencies of tying their loans and grants to specific projects rather than providing financial support for development programmes also constitutes a serious limitation to the effectiveness of aid comparable to

[43] Robert E. Asher, International Agencies and Economic Development, An Overview, International Organization, Vol. XXIII, No. 1, Winter 1968, p.445.

[44] Dr. I.G. Patel, How to Give Aid:A Recipient Point of View, International Co-operation in Aid, edited by Ronald Robinson, Cambridge University Press, 1966, p.90.

[45] Robert E. Asher, p.49.

the tying of aid to purchases in specific countries or to specific commodities".[46] Table 1.4 shows the total official bilateral and multilateral net flow and also by region. According to the table, multilateral aid rose from $598,89 million in 1960-1966 to a record high of $1,196.12 million in 1968-1970, while bilateral aid rose from $5,415.92 million to $6,381.52 million during the same period. Of all the institutions, the World Bank is by far the largest single dispenser of aid to the developing countries with loan volumes for 1971 reaching a record high of $3 billion up from $1.6 billion the previous year and $1.4 billion for 1968-1969. International Development Agency loans expanded even more rapidly, rising to $606 million in 1971, compared with $303 million in 1968-1969.

Nevertheless, despite the increase in multilateral institutions, multilateral funds still lag behind bilateral flows. Consequently, many international critics have stated that, "the share of resources channeled through the multilateral financing institutions should be increased to the fullest extent possible. The World Bank should be converted into a development bank for the exclusive use of the developing countries".[47]

POLITICAL IMPLICATIONS OF FOREIGN AID

Foreign aid can be a form of political control, but the term influence better describes the contemporary relationship between donor and recipient. Whether we employ the term intervention or influence, the giving of economic assistance creates a relationship between nations that is as much political as economic in nature. Further, the nature of the influence exercised within

[46] Ibid, p. 51.

[47] Lima Action Programme, Financial Resources for Development, Economic Bulletin for Latin America, Vol. XVII, No. 1 first half of 1972, United Nations, New York, 1972, p.110.

that political relationship reflects primarily the interest and goals of the donor and not the recipient.[48] Thus,

> "economic aid from the powerful to the powerless countries, is an instrument of power politics. How much a country lends to another will not be determined by its needs, or its potential, or its past economic performance, good or bad, or its virtue, but by the benefit it yields in terms of political support".[49]

The reasons for the limited impact of foreign aid programmes on the development of the underdeveloped countries lie first in the motives that have governed foreign aid programmes since they were initiated. Secondly, as Theresa Hayter points out, Western conceptual framework of development does not take sufficient account of some of the major characteristics of the less developed countries, such as,

> "the concentration of growth in a few small areas, the extremely unequal distribution of income, the existence of a great deal of unemployment, the difficulty of promoting agricultural changes when people are on the edge of subsistence, the very high rate of population increase, the dominance of foreign firms, the high dependence of the economy on the export sector, and in general, the difficulty of regarding developing countries as homogeneous units, able to regulate their problems independently of external influences".[50]

The problem with aid is that it is orientated toward the promotion and maintenance of influence and control. For essentially, the result of aid

48
Riordan Roett, The Politics of Foreign Aid in the Brazilian Northeast, Valderbilt University Press, Nashville, 1972, p. 169.

49
K.B. Griffin and J.L. Enos, Foreign Assistance; Objectives and Consequences; Economic Development and Cultural Change, ed. by I.G. Stewart, Edinburgh Univ. Press, p. 51.

50
Theresa Hayter, Aid as Imperialism, Penguin Books, Great Britain 1971, p.166.

programmes has been to make the need for more aid inevitable; that is, instead of assisting the developing countries toward greater economic development and independence, aid has in fact increased dependency upon the developing countries. Aligned with this dependency however, is the decision making process which does not come from the recipient country, but rather from the donor country, which ends up allocating resources where it best suit their needs and interest. The gross effect of such policy is increasing foreign control over the most dynamic and strategic industrial sectors. In this process, it is the donor country that bends the recipient country to its needs, and in so doing deeply influences the political process of the recipient country.

The political manifestation whereby the donor country acts to shape the politics of the recipient country is central to the argument. The selection of particular projects for particular purposes largely determines the needs and interests of the donor country. It also determines the technology to be used, supplies and capital goods required and professional skills used. Recipient countries have negligible influence in formulating policy. When they go through the motion of deciding policy, the substance of their decisions often reflect foreign interests rather than national interests. It is the donor countries who engages in systematic and comprehensive planning of projects. The donor country also determines the basic goals and objectives of the assistance. Decisions to increase, continue or terminate aid are all in the realm of the donor country. Recipient countries on the other hand make decisions about implementations of projects. These decisions are made with the confines set by the policy guides and financial resources through which the donor country determines the present and future allocation of resources for developmental projects as a whole.

According to the foregoing it is reasonable to argue that recipient countries have little political influence on the nature of foreign aid. Their importance are measured and governed in the final analysis by the interest of the donor countries. William Demas points out that,

> "such heavy reliance on overseas funds means that the government of the small country has to present the right "image" to the foreign investor, which may further reduce the possibility of the country pursuing even slightly unorthodox policies in order to mobilize domestic financial resources. The economy becomes open in much more than a technical sense and economic policies considered "sound" by the foreign investor are pursued, irrespective of their real merits or their adequacy to the given situation".[51]

In addition to funds, the many programmes of aid have brought a flood of "experts" from developed countries into advisory and administrative positions in practically every sector of developing societies. This does not suggest that donor countries control administration in developing countries, but only that their presence implies some degree of influence. Besides reinforcing the dependency, the types of development policies perceived by the developed countries for the underdeveloped nations can hardly meet the needs of the societies; rather they impede development. Enlightened self-interest leads them (developed countries) to utter lofty pronouncements about "a more equitable sharing among individuals and nations of the benefits of progress".[52]

51
William Demas, The Economics of Development in Small Countries, With Special Reference to The Caribbean, Montreal, MacGill University Press, 1965, p.64-65.

52
Pearson Report, p.53.

The growing shift from bilateral to multilateral aid is obvious. This reduces the possibility of "discriminatory selection of recipients for reasons unrelated to development needs and performance; the appearance of charity and interventionism, the spreading of aid too thinly to cover large numbers of projects and programmes".[53] The main reason however, is that bilateral aid reinforces the dominant position enjoyed by donor countries over the recipient countries. Greater awareness of this drawback has quite understandably led major bilateral donors, including Canada to resort to the growing trend of multilateralism. In conferences and official documents, spokesmen from developing countries are repeatedly told that these drawbacks will be removed, that a truely international effort on the basis of need and performance will characterize future transfers.

The Pearson Report for instance recommends,

> "that aid-providers increase grants and capital subscriptions for multilateral development aid programmes to a minimum of 20 percent of the total flow of official development assistance by 1975".[54]

The Canadian Foreign Policy Review advocates,

> "a modest increase in our contributions to multilateral agencies to say 25 percent of our total aid budget".[55]

It is doubtful whether the heralded new trend to multilateralism will greatly reduce the predominant role played by bilateral aid. Moreover, much of the "multilateral" aid projected in the future is simply bilateral aid in disguise because, these supposedly multilateral institutions are

53 Denis Goulet, p.26.

54 Pearson Report, p.215.

55 Foreign Policy Review-Canadian Policies in the Field of International Development Assistance, Government of Canada, 1969, p. 25.

effectively controlled by the chief bilateral donors and serve as "fronts" to perpetuate their interests. Multilateral aid then as presently conceived does not reduce the dependence of the underdeveloped countries. As one author points out "these institutions only help to finance technological obsolesence in these countries rather than social and economic development".[56]

Many critics have made interesting observations concerning the nature of aid. Among them Theresa Hayter states that aid;

"in its proper form in so far as it is effective, it can help to create and sustain, within Third World countries, a class which is dependent on the continued existence of aid and foreign private investment and which therefore becomes an ally of imperialism. It can also be used directly as a bribe to secure the adoption of measures favourable to the providers of aid and unfavourable to its recipients; it can be used, deliberately or otherwise, for projects which improverish the mass of the population; and it usually adds to the burden of debt carried by the countries receiving it, and hence to their dependence. In its general role as preserver of the capitalist system, aid can act in more indirect and complex ways than as a mere bribe or concession to sweeten the pill of exploitation. It can be used in an attempt to build up social and economic systems considered to be durable and resistant to revolutionary change. At times its provision has been made conditional on certain reforms being adopted within Third World countries particularly in the spheres of taxation, education, even land reform, which it is hoped, will defuse potential revolutionary situations".[57]

56 Denis Goulet, p.119.

57 Theresa Hayter, p. 9-10.

While the author argues that aid can be used to defuse potential revolutionary situations, on the contrary, such aid can also have the opposite effect. Aid provided on such conditions, if it is successful, is expected ultimately to promote increased stability. Long-run economic and social progress is no answer to immediate revolutionary situations. Although this form of aid may improve (not guarantee) the economic development of the developing countries, such aid however, cannot address immediate social, economic and political crisis. Therefore, reforms undertaken by developed countries merely to curb revolution, will only result in the polarization of revolutionary forces in the Third World.

It is inevitable that, great and new measures of extraordinary dimensions must be taken. The peoples of Third World must enjoy the benefits of full integration into the political and economic life of their nations. Industry, schools, modern agriculture, villages as well as cities must be made to serve the interests of the developing countries. In short, if the underdeveloped countries are to develop, "the structure of dependence must change on the international national and local levels. This structural change, however, cannot be brought about by diffusion. On the contrary, the structure of the system itself on all these levels determines the amount, nature, direction and consequences of the past and present diffusion - a diffusion which has so far produced development only for the few,and underdevelopment for the many and by all indications, will continue to do so. Consequently, the structure of this system has to change in order to permit development for all and to permit diffusion to contribute to that development".[58]

58

Andre Gunder Frank, p.66.

CHAPTER II

THE POLITICAL ECONOMY OF COMMONWEALTH CARIBBEAN

The Embryo of Underdevelopment: A Historical Overview

The Commonwealth Caribbean from the very beginning of its colonial existence, has been in a perpetual state of dependency. The early roots of the economic political and social structures of underdevelopment, are located in Britain's cultivation of the islands as sugar plantations. This history of underdevelopment can be broken down into three periods:-

1. Two hundred years of colonization (1623-1834) during which time the London based merchants, a colonial plantocracy, and slaves utilized the industrial revolution of Great Britain.
2. One hundred years of Crown Colony rule (1835-1940) when the post-emancipation Africans and indentured Indians suffered under harsh working conditions.
3. The contemporary period (1944-to present) when the development of trade union movements and universal suffrage resulted in constitutional advancement without any concomitant change in the traditional amalgam of white capital and black labour that benefit most exclusively the North Atlantic economies.[59]

The British colonialist first settled in St. Kitts and Barbados, where they cultivated tobacco with little success. Later, it was discovered that sugar, a scarce product in the European market, could be grown to perfection virtually anywhere at sea level in the region. The change from tobacco to sugar was an economic revolution which drastically changed the outlook in the Caribbean. The degree of interest of Britain and other European countries

[59] Frank McDonald, The Commonwealth Caribbean, The United States and the Caribbean, Prentice Hall, Inc, New York, Columbia University, 1971, p.129.

in these colonies was determined by the amount of wealth to be derived from them. By the middle of the 17th century, it was clear that European colonization of the Caribbean had come to stay, and that a profitable crop had been chosen for production.

European nations fought endlessly for the islands which were considered more valuable than larger colonies elsewhere. The most dramatic example of European rivalry in the Caribbean was the controversy "at the Peace Treaty of 1763, as to whether Britain should restore to France, Canada or Guadeloupe, both conquered during the war. The mere equation of the two areas provokes derision today. Yet, the foreign offices of the two Governments were seriously agitated over the issue, and in England, at least, it gave rise to a violent pamphlet warfare. Eventually, Britain restored Guadeloupe and retained Canada. But this decision did not mean that Guadeloupe, in the eyes of the British Government, was less valuable than Canada. In fact, precisely the opposite was the case. Choiseul, the Foreign Minister of France, prided himself on a successful diplomatic coup by which he had retained a valuable sugar island and given up a vast territory which many Frenchmen derided, as Goltaire did, as "a few acres of snow".[60]

Despite the continuous see-saw struggle in the Caribbean by the European powers, the sugar industry continued to boom. In order to secure the markets and profits however, a large supply of cheap labour was required. Consequently, Africans were imported as slaves. As a result, certain territories became African labour camps run by Europeans for the latter's benefit. Within "the space of a decade, this peasant stronghold was transformed into the advanced

60 Eric Williams, From Columbus to Castro, The History of the Caribbean, 1492-1969, Andre Deutsch Ltd, London WC1. 1970, p. 90-91.

bastion of the plantation economy".[61] So profitable was the slave trade that it "transformed Liverpool from a fishing village into a great centre of international commerce".[62]

Eric Williams, Prime Minister of Trinidad and Tobago succintly points out:-

"the slave trade was central to the triangular trade. It was, in the words of one British merchantilist, 'the spring and parent whence the others flow' the first principle and foundation of all the rest; echoed another, the mainspring of the machine which sets every wheel in motion. The slave trade kept the wheels of metropolitan industry turning; it stimulated navigation and shipbuilding and employed seamen; it raised fishing villages into flourishing cities; it gave sustenance to new industries based on the processing of colonial raw materials; it yielded large profits which were ploughed back into metropolitan industry; and finally, it gave rise to an unprecedented commerce in the West Indies and made the Caribbean territories among the most valuable colonies the world has ever known".[63]

Slave labour was not enough, however, to ensure a high rate of profit return for the island planters. Competition from "newly acquired colonies, especially from India, abated the West Indian profit margin, so much so that the planters sought protection in the form of tarrifs from the British Government. In time, loans were also required to expand the acreage planted in sugar. For both these needs - increases in tariffs and capital - the

61
Ibid, p. 112.

62
Ibid, p. 149

63
Ibid, p. 148.

West Indian planters sought out London merchants who could act as lobbyists and financiers. By performing both these functions, the London investors and merchants inevitably assumed complete control of the colonial sugar industry, including eventually all financing, shipping and marketing. In short, the focus of economic control gradually shifted from the Caribbean colonies to the brokerage houses of London".[64]

The dynamics of protectionism and the mercantilist system rendered the West Indies totally dependent upon metropolitan interests, "a dependency that has established the adverse economic patterns which persist, in more subtle forms, until today. First, intra-island and intra-regional commercial exchange was, in effect, prohibited because the only lines of trade allowed to develop were those between the individual plantations and the mother country. Second, as a result of metropolitan interests and balkanization, only a single-crop economy was encouraged - and diversification discouraged - since industrial goods and other commodities were imported from, and were a source of profits to the mother country. Third, the plantations produced sugar in a raw, muscavado form only, further processing being reserved for metropolitan industries. Fourth, capital was not accumulated in the Caribbean, but rather in London where the merchants or absentee-owners were compensated for their investments. Nor was this capital reinvested in the colonies but in metropolitan industrial developments. Fifth, as a result of protectionism and slavery, the island economies became increasingly inflexible. Little or no structural transformation or innovation occurred within the sugar industry, since, if markets expanded, more slaves were imported and more crops cultivated.

[64] Frank McDonald, p. 129-30.

If markets contracted, rationing for the slaves and other devices were used to cut costs and overhead".[65]

The Eighteenth Century was the time when the British West Indian islands came to be called "the jewel in England's crown".[66] However, during the Nineteenth Century, the importance of the Caribbean area to Britain began its long decline. This was primarily because "the British Parliament abolished slavery and emancipated the slaves in the colonies, and "legislated against the protective tariffs granted the British colonies in the Caribbean".[67] Such parliamentary action was not, however, primarily the result of humanitarian sentiment in Great Britain. The establishment and development of "the Caribbean slave system was basically the result of the importance of that system to the economy of the metropolitan governments. Conversely, the abolition of the slave system was basically the result of the fact that the system had lost its former importance in the Nineteenth Century to the metropolitan economy".[68]

Thus, British manufacturers, labour unions and politicians lobbied for the development of free trade and free labor because they were convinced that protectionism and slavery prevented the expansion of Britain's markets and trade with other European powers. Economists and intellectuals such as Adam Smith and David Ricardo argued convincingly, that the free trade of laissez-faire would assist England's industrial development, and that expanded markets would be good for manufacturers and labourers alike![69]

65 Ibid, p. 130.

66 F.R. Augier, The Making of the West Indies, Longmans, London wl 1961, p. 78.

67 Frank McDonald, p. 130.

68 Eric Williams, p. 280.

69 Frank McDonald, p. 130.

Meanwhile in the colonies, changes which came about as the result of laissez-faire left the islands economies in a deteriorating state. Despite the abolition of slavery, "there was little difference between the servile conditions of slavery and the oppressive treadmill of tenant labour that persisted after 1846, a system in which black population remained on the plantation and worked in payment for estate-owned housing and commodities brought in estate-controlled shops".[70] In terms of political rights, the black West Indian was no better off than he had been in the pre-abolition society. Because "British Nineteenth Century democracy was thus tainted by a racial limitation. Self-government was 'only applicable to colonists of the English race".[71]

The Colonial Office viewed itself as the main instrument for instructing the people in parliamentary democracy, and as arbitrator between the interests of the old plantocracy and the needs of the newly emancipated population. Meanwhile, there was great debate among the British intellectuals of the day concerning the fate of the blacks. Thomas Carlyle, in his Occastional Discourse on the Nigger Question, argued for a return to slavery. His "vision of a society was one in which the wisest man was at the top and the Demerara Nigger at the bottom".[72] Anthony Trollope challenged the application of parliamentary democracy in the West Indies. He argued "the Negro was a servile race, fitted by nature for the hardest physical work, and apparently at present fitted for little use".[73] James Anthoney Froude, a disciple of Carlyle argued that black rule in the West Indies would be a total failure, because they were "children and not yet disobedient children; they were conscious of their own

70 Ibid, p. 131.

71 Eric Williams, p. 399.

72 Ibid, p. 398

73 Ibid, p. 399.

defects, responsive to a guiding hand, and would attach themselves to a rational white employer with at least as much fidelity as a spanial". Froude goes on, "an English Governor-General will be found presiding over a black council, delivering the speeches made for him by a black Prime Minister, and how long could this endure? No English gentleman would consent to occupy so absurd a situation".[74]

However, "the Colonial Office assumed the responsibility for the application of parliamentary democracy in the territories. This period, lasting a hundred years (1836-1940), was, officially a time of preparation toward the day when, sufficiently groomed, the people of the Caribbean would be able to assume the responsibilities of self-government".[75] The period of 1920's and 1930's was the precursor of the later West Indies nationalist movements. The Crown Colony Government came under increasingly heavy attack because of the formation of the legislature which consisted of prominent planters, merchants and professionals nominated by the Governor. While demands for total political independence were yet to be heard, there was growing agitation for increased self-government.

The decade of the 1930's was the period when modern political history of the region began. This was the period when the price of sugar fell and resulted in massive unemployment, food shortages, and discontent of the people was given voice by "new labour to a series of constitutional advances which got underway in the mid-1940's".[76] Periodic strikes and demonstration in many instances manifested themselves in the form of violence. The discontent was a systematic attack on the social, economic and political systems which had permeated over three hundred years of political colonialism.

74 Ibid, p. 405

75 Frank McDonald, p. 131.

76 Charles C. Moskos. The Sociology of Political Independence: A Study of Nationalists attitudes among West Indian Leaders, Cambridge 1967, p. 17.

The disturbances led the Colonial Office in August 1938 to appoint a Royal Commission, to investigate the social and economic conditions in all the territories. Briefly, some of the main findings of the Commission were that there was a great demand for better living conditions; the West Indian communities were ill-equipped to withstand the economic depression found in the Region; the labouring population never had the opportunity to save or establish themselves as economically independent; massive unemployment; deplorable housing conditions; rapid growth in the population, education falls far short of any satisfactory standard and the lack of the economy to meet the needs of the population".[77]

The Committee went on to recommend "the establishment of a West Indian Welfare Fund to be financed by an annual grant of $1,000.00 from the Imperial Exchequer for a period of twenty years, and of a special organization to administer this fund under the charge of a Comptroller. The object of the Fund, according to the Committee, should be to finance schemes for the general improvement of education, the health services, housing and slum clearance, the creation of labour departments, the provision of social welfare facilities and land settlement, apart from the cost of purchase of land".[78]

Professor Havelock Brewster of the University of the West Indies in analyzing the Report points out that:-

"it is easy to see that the hard years of depression in the thirties had made the population at large restless and exasperated enough to

77 West India Royal Commission Report, London 1945, p. 422-25.

78 Ibid, p. 428.

contemplate extreme solutions, and given the presence of an articulate leadership class to pose the issue as they were, the tension would mount and the society explode into open conflict. This is precisely what happened in 1938. The failure of the economy to adjust had brought the society to the brink of complete breakdown".[79] He goes on to say that, their implicit recommendations for seeking a solution by way of increased imperial assistance stand out in marked contradiction to the logical inferences from their analysis. In any event, the point is that once again the West Indian economy had found itself at a juncture where it was clear that the sugar economy held only the seeds of dependence and social conflict.[80]

The Commission did not lay any basic foundation in restructuring the political economy of the society. However, following the Second World War the Commission was followed by a slow process of economic adjustment as that which followed Emancipation. At the same time, it hastened the process of political democracy. Starting with Jamaica in 1944, all the colonies had by the 1950's achieved universal adult suffrage and were being prepared for self-government. The final stage of political independence has been reached by Jamaica, Trinidad, Guyana and Barbados while the other territories have attained associated statehood with Britain, by which full internal power rests with the island's government, Britain retaining authority in regard to defense and foreign affairs.[81]

Ironically, constitutional change has not altered in any significant way the economic dependency of the Caribbean. Havelock Brewster notes that:-

"this acceleration of the process of political democratization has

79
Havelock Brewster, Sugar: Our Life or Death, New World, Readings in the Political Economy of the Caribbean, 1971, p. 38.

80
Ibid, p. 39.

81
Ibid, p. 39.

has made the imbalance between the economic and political relations greater than ever. For although there have been some developments in mining and industry, these have been achieved within the framework of an economic organization similar to that of the original sugar economy-pioneer manufacturing and large corporation mining. The traditional relations are clothed in modern forms but the mass of the population stand in similar relation to the owners and managers as did the wage labourers of the Nineteenth Century. The people remain deprived of control".[82]

In essence, the economy of the region today remains what it was immediately after Emancipation. Where in the Nineteenth Century it was a question of large plantations and small peasant holdings, it is now a two-sector economy with a modern high-productivity, high wage, highly capital intensive sector and a traditional, low productivity low wage, labour-intensive sector. In short, "in the late 1960's, the giant international corporation of the Twentieth Century had replaced the small merchant firm of the Eighteenth Century controlling most of the sugar industry as the principal influence on the economies of the English-speaking Caribbean and the main decision making entity on the allocation of resources and on investment".[83]

<u>Dependency Of The Commonwealth Caribbean</u>

According to William G. Demas, Secretary General of CARIFTA - "in order to understand the present economic situation in the Caribbean, we must begin by examining the distinction between growth and development. The important point to be grasped here is that neither growth nor development can be defined

[82] Ibid, p. 39.

[83] William G. Demas, <u>The Political Economy of the English-Speaking Caribbean</u>, A Summary View, 1970, p. 7.

in "value-free" technical terms. In the first place, economic growth (in the conventional sense of an increase in the per capita production of goods and services in a country) can be measured only if we make certain assumptions about income distribution. The "weights" to be attached to the different goods and services making up the national product or income depend on relative prices and these relative prices are linked to the distribution of income. "Secondly, and more fundamentally, development means not only economic growth but economic growth generated from within the country as well as growth which results in economic diversification in the sense of the creation of more interdependence or industry linkages and activities in the country. Consequently, genuine economic growth should be measured in terms of a satisfactory level of employment, a fairly equal distribution of income and the greatest possible participation by the people of the country in the economy".[84]

The territories in the Commonwealth Caribbean are often regarded as being at an intermediate stage of economic development, largely because the level of per capita income range between $200 (U.S.) to $600 (U.S.). "This may be taken to mean that the peoples of the Commonwealth Caribbean are better off than some of their counterparts in other developing regions. But their quest for higher living standards is no less intensive than it is elsewhere".[85] In the words of William Demas, "despite such economic growth, development has not followed. Social problems, such as urban poverty, unemployment, inadequate educational facilities and inequality of income distribution have been aggravated rather than resolved".[86]

As the result of such conditions, Eric Williams, Prime Minister of Trinidad

84 Ibid, p. 8-9.

85 Alister McIntyre, Effects of Developmant and Trade in the Commonwealth Caribbean, Economic Bulletin for Latin America, Vol X, No. 2, October 1965, p.

86 William G. Demas, p. 8-9.

and Tobago notes that, the region is the most unstable areas in our unstable world. The Prime Minister goes on further by saying, "the reasons for such instability are the following: political and economic fragmentation, constitutional diversity; economic, psychological, cultural and in some cases political dependence; large-scale unemployment and underdevelopment; economic uncertainty; unresolved racial tension; potential religious conflict, the restlessness of youth; and an all-pervading fear of the United States".[87]

Why, despite this rapid economic growth, the region remains the "most unstable" in the world? Professor Arthur Lewis, a distinguished economist, in defining economic growth, puts the subject in perspective by stating that "it is possible that output may be growing, and yet the mass of the people may becoming poorer". He goes on to say, that economic growth specifically relate to economic goods and services, and economic output, in the old fashioned meaning of economics and not to some concept as welfare, satisfaction or happiness".[88]

What comes out quite clear in the definition, is that when one talks about economic growth, it does not follow that social welfare, redistribution of income and resources, to the benefit of the population is taking place, (especially in the developing countries). Development then should not be confused, as it often is, with economic growth measured in annual increases of per capita national income or product. Growth without development is a frequent experience in the past and present history of the Commonwealth Caribbean. This is especially the case in times of raw material export booms generated by metropolitan demand; a satellite country's growth becomes manifested

87
Eric Williams, p. 503.

88
Arthur Lewis, The Theory of Economic Growth, Harper and Row, Publishers, New York and Evaston, 1970, p. 9.

both in the product it exports and in its productive capacity but, far from generating or even permitting the structural transformation necessary for development, this growth results in the development of underdevelopment and further dependency on metropolitan countries.

A report prepared by the United Nations for the Carifta Territories states that:-

> "the Caribbean economies are dependent structurally not only in the sense that a few primary exports going to even a fewer countries contribute significantly to their national incomes, but also in that they greatly rely on foreign capital inflows for the financing (of relatively high rates) of gross capital formation. This average rate of gross capital formation for the area as a whole is currently estimated at 26% a year. Of this portion the amount financed by foreign sources, including reinvestment of profits by foreign firms operating in the area but excluding depreciation allocations, was as high as 30%. If depreciation allocations were included, as they should be, the dependence on foreign capital would rise very much higher. For Trinidad and Tobago for instance, the corresponding ratios for 1968 are estimated to be 23% and 62% respectively. This relatively high dependence on foreign funds is due largely to the structural characteristics of the economies, especially on those territories dependent on mineral extraction and refining".[89]

According to the foregoing description of development, we find the present

89
Report on Harmonization of Fiscal Incentives to Industries in the Carifta Territories, United Nations Economic Commission for Latin America, Office for the Caribbean E/CN. 12/845 1969, p. 5.

Commonwealth Caribbean suffer from perpetual dependency,[90] although in recent years there have been reputable rates of economic growth and increases in per capita national income. Rates of economic growth have been over the decade of the 1960's about 5% per annum in the dependent territories and this is conventionally speaking, a "good economic performance".[91]

In the independent territories (Jamaica, Guyana, Trinidad and Tobago and Barbados) the manufacturing sectors have made some progress. As Table 2.1 shows, Trinidad and Tobago registered the highest rate of manufacture in gross domestic product, rising from $108.2 million in 1966 to $313.8 million in 1970. The table also reveals that, the growth rate of manufacturing, at current prices fell from 18.9 to 12.7 between 1968 and 1969, and to slightly more than 7% in 1970. (See Appendix 1 for the economic activity of the other sectors of the economy). However, the above economic growth has not benefitted

90
According to Theotonia Dos Santos, dependency is a situation in which a certain group of countries have their economy conditioned by the development and expansion of another economy to which the former is subject. The relation of interdependence between two or more economies and between these and world trade assumes the form of dependence when some countries, (the dominant) can expand and give impulse to their own development, while other countries (the dependent) can only develop as a reflection of this expansion. This can have positive and/or negative effects on their immediate development. In all cases, the basic situation of dependence leads to a global situation in dependent countries that situates them in backwardness and under the exploitation of the dominant countries. The dominant countries have a technological, commercial capital resource, and social-political predominance over the dependent countries (with predominance of some of these aspects in various historical moments). This permits them to impose conditions of exploitation and to extract part of the domestically produced surplus.

Theotonia Dos Santos, Readings in U.S. Imperialism, the Structure of Dependence, Edited by K.T. Fann Donald C. Hodges, Horizon Books, Boston 1970, p. 226.

91
William Demas, p. 9.

TABLE 2.1

COMMONWEALTH CARIBBEAN MANUFACTURING COMPONENT OF GROSS DOMESTIC PRODUCT

	Millions of Eastern Caribbean Dollars					Percentage of Total					Annual Growth Rates				
	1966	1967	1968	1969	1970	1966	1967	1968	1969	1970	1966	1967	1968	1969	1970
Barbados	17.3	18.6	21.0	22.8	24.8	10.2	9.8	9.7	9.8	9.5	6.8	7.5	12.9	8.6	8.8
	Millions of Guyana Dollars														
Guyana	42.4	46.7	49.7	53.0	55.2	12.2	12.3	12.1	11.9	11.6	0.8	10.1	6.4	6.6	4.2
	Millions of Trinidad Dollars														
Trinidad & Tobago	108.2	218.6	260.0	293.0	313.8				18.5	18.9			18.9	12.7	7.1
	Millions of Jamaica Dollars														
Jamaica	99.2		115.2	121.1	128.7	15.4		15.3	14.6	14.1		3.2	8.7	10.0	9.0
	Millions of Eastern Caribbean Dollars														
Leeward & Windward Islands		8.7	10.3				4.3	4.7							

Source: Economic Survey of Latin America 1970
United Nations, 1972.

the economic development of the region because it has been mainly confined to those sectors of the economy which are controlled by multinational corporations. One consequence of this concentration has been unemployment in an already intolerable situation. In the case of the manufacturing sector where progress is noticeable the impact has not been substantial in terms of contribution to the Commonwealth Caribbean economy. This is because;

> "the industries are highly capital-intensive, activities employing a relatively small amount of manpower; hence their rapid expansion has done little or nothing to solve the serious unemployment problem affecting the labour force, and secondly; they produce mainly for the domestic market, substituting for items previously imported".[92]

The process of import-substitution industrialization which has occurred or is beginning to occur in a number of Commonwealth Caribbean countries does not, then, necessarily entail a reduction of dependence upon the international system. The economics of the region remain highly dependent upon foreign trade. Exports and imports in Caribbean countries represent proportions of gross product that are higher than in the advanced industrial countries, and the territories are consequently highly subject to patterns of international commerce over which they have very little control. National manufacture of previously imported finished-products often involves the importation of raw materials and intermediate parts and always requires the importation of the machinery and equipment necessary to establish production .[93] To go along with the import-substitution industrialization all governments in the region

92 Economic Bulletin for Latin America, The Foreign Trade and Trade Policy of the English-Speaking Caribbean Countries, Growth Pattern of Trade 1950-1969, United Nations, Vol. XVI, No. 1, 1971, p. 110.

93 Dale L. Johnson, Dependence and Underdevelopment, Latin America's Political Economy, Doubleday and Company Inc, New York, 1972, p. 76.

provide fiscal incentives, such as tax holidays, accelerated depreciation on capital invested and exemptions from import duties for overseas purchases of raw materials and capital equipment.

John H. Lang, Assistant Commercial Secretary of the Canadian High Commission, Kingston, writes:- "the industrial Incentive Law provides for a 10 year exemption, 15 years in special cases, from income tax to qualified industries that set up manufacturing facilities in Jamaica. It also provides relief from customs duties and tonnage on machinery and equipment".[94] The author continues by reminding his audience, "keeping in mind that pioneer industries are protected from foreign competition, profits are almost assured".[95] Another writer, J.M. Claude Lavoie, Assistant Commercial Secretary, Port of Spain, states, "it is evident that the Eastern Caribbean islands are looking for investors. They welcome prospective ones with open arms but under their own conditions".[96] The conditions or incentives offered to investors are well documented by the Assistant Commercial Secretary in Chart 2.1. As the result of such incentives, the growth of the industrial sector has assumed some importance. Equally true is its scant contribution to the economy, especially in the number of people employed in relation to the amount of capital invested. Moreover, because of the lack of economic integration, "individual territories all vie with one another to attract metropolitan firms to establish branches and subsidiaries in the region. In so vying they pursue competitive rather than cooperative strategies of economic development".[97]

94
John H. Land, Canada and the Caribbean-Old Partners in Trade, Canada Commerce Vol. 136, No. 1. January 1972, p. 8.

95
Ibid, p. 8.

96
J.M. Claude Lavoie, Foreign Trade, Vol. 132, No.11, November 1969, p. 4.

97
Eric Williams, p. 500.

CHART 2.1

INCENTIVES OFFERED TO INVESTORS

TYPE	APPLIES IN	TYPE	APPLIES IN
Tax Holiday	Antigua, Barbados, Dominica, Grenada, Monsterrat, St. Kitts/Nevis, St. Lucia, St. Vincent, Trinidad & Tobago	Availability of local funds	Barbados, Grenada, St. Kitts/Nevis, St. Lucia, St. Vincent, Trinidad & Tobago
		Possible casinos	Dominica, St. Kitts/Nevis
Accelerated depreciation	Barbados, Monsterrat, St.Lucia Trinidad & Tobago	Restrictions on employing foreign management	Antigua, Barbados, Dominica, Grenada, Monsterrat, St. Kitts/Nevis, St. Lucia, St. Vincent, Trinidad & Tobago
Capital Allowances	Barbados, Grenada, Trinidad & Tobago		
Carryover of Losses	Antigua, Barbados, Dominica, Grenada, Monsterrat, St. Kitts/Nevis, St. Vincent, Trinidad & Tobago	Restrictions on employing foreign labor	Antigua, Barbados, Dominica Grenada, Monsterrat, St.Kitts/Nevis, St. Lucia, St. Vincent Trinidad & Tobago
Tax exemption on dividends	Antigua, Barbados, Dominica Grenada, St, Kitts/Nevis St. Lucia, Trinidad & Tobago	Designated areas for development	St. Kitts/Nevis, St. Vincent, Trinidad & Tobago
Duty-free entry of original material and equipment	Antigua, Barbados, Dominica, Grenada, Monsterrat, St. Kitts/Nevis, St. Lucia, St. Vincent, Trinidad & Tobago	Import restrictions on food for hotels	Antigua, Barbados, Dominica, Grenada, Monsterrat, Kitts/Nevis, St. Lucia, St. Vincent, Trinidad & Tobago
Drawback	Angtigua, Barbados, Dominica Grenada, Monsterrat, St. Kitts/Nevis, St. Lucia, St. Vincent, Trinidad & Tobago	Restrictions on origin of capital	Dominica
		Alien licence required	Antigua, Dominica, Grenada, Monsterrat, St. Kitts/Nevis, St. Lucia, Trinidad & Tobago.
Local Participation Mandatory	St. Kitts/Nevis		

Source: Foreign Trade, Vol. 132, No.11, 1968.

Despite this unprecendented set of favourable circumstances, unemployment continued to be a chronic problem in all of these territories. Current unemployment ranges between 12% and 20% and the average rate of growth of population is estimated at 3% for the area as a whole. With population growing at such a high rate and the existing levels of unemployment already high by any standard, not only has the problem of providing full productive employment become a serious economic issue, but also it has acquired a great measure of urgency in view of its social implications. A number of factors contribute to this growing unemployment; rapid growth of population and hence to the labour force; the use of inappropriate capital-intensive technology in the new manufacturing industrialization) and mechanization and retrenchment in older industries, such as sugar and oil; the steady drift from the agricultural and the rural areas to the towns, partly caused by the growing disparities in earnings between agriculture and the "modern" sectors of manufacturing mining and tourism.[98]

The agricultural sector has generally developed slowly in the Commonwealth Caribbean. Where it has developed rapidly, the growth was caused by the development of export products, namely, sugar, bananas and citrus. The slow growth of the domestic agricultural sector has acted as a powerful deterrent to balanced economic development. Moreover, the structural framework in which agricultural activities develop and the pattern of income distribution prevalent in that sector have damaged the domestic sector. The expansion of sugar, citrus and banana production has been largely dependent upon marketing arrangements which the Commonwealth Caribbean enjoyed in the United Kingdom. Because of the preferential shelter, the external sector has been steady, while on the other hand, production for the domestic market has tended to stagnate and deteriorate. As a result "imports of food have been steadily increasing since

[98] William Demas, p. 27.

the Second World War and the growth of production in this sector has just barely kept pace with the growth of population".[99] Despite the aforementioned structural defects and the relative stagnation of production, agriculture continues to be the chief economic activity for the Commonwealth Caribbean. Its contribution to G.D.P. in some of the territories far exceeds any other economic activity (See Appendix 1). Moreover over 75% of the economically active population is dependent on agricultural activities both commercial and subsistence.[100]

99 Ibid, p. 11.

100 Guyana: Sugar represents nearly 30% of G.N.P. and over 30% of domestic exports. Over 10% of the work force is employed in the sugar production. In addition it provides a major source of income for over 4,000 cane farmers. Rice is Guyana's second and largest agricultural produce, approximately 45,000 live by rice farming and approximately 1/4 of the population are employed either directly or indirectly in the industry. Rice contributes 6% of Guyana's gross domestic product and 55% of its total rice production is exported.

Jamaica: The share of sugar in Jamaica's G.N.P. is now only 6% and exports of bauxite and alumina are more than twice as valuable. Sugar nevertheless remains the most important agricultural activity and accounts for over 20% of total exports. Even more important, it employs 50,000 people (including farmers) on 10% of the island's whole work force.

Trinidad: Sugar accounts for 8% of the value of export, but employs no less than 12% of the work force.

Barbados: Agriculture accounts for 25% of the G.N.P. and provides work for 20% of the working population, and accounts for 85% of its exports.

Windward & Leeward Islands: Over 90% of exports are derived from sugar and bananas. (St. Lucia export share accounts for over 85%, St. Kitts dependency on sugar is even greater, representing over 95% of exports and employing about half the people.

Source: New Commonwealth and World Development, 1970, Review of The Commonwealth, No. 12, 1970. p. 51.

The weaknesses of the agricultural sector are to a considerable extent the result of the post - 1950 government developmental policies and the conception of development itself. The new sectors - tourism and manufacturing paid relatively high wage rates and attracted people from the land. More generally, industrial and hotel development were given priority over agricultural development and the kind of branch-plant and "luxury" tourism promoted prevented a search for local inputs, including food for the tourists.[101] In other words, the exodus of the displaced poor from agriculture into Commonwealth Caribbean urban areas has been a case of horizontal mobility from one situation of poverty to another and not of vertical mobility from peasant to industrial and productive worker. In both absolute and relative terms, unemployment, underemployment and unproductive employment are steadily increasing in the region, as is dependency of the system as a whole.

In many of the territories, tourism has been growing rapidly, particularly in Jamaica, Barbados and the Leeward and Windward Islands. Like the concentration upon growing of sugar, one can observe a similar situation with the tourist industry. Reflecting the pattern of the key sectors of the economies in the region, the tourist facilities are also foreign-controlled. In the Eastern Caribbean, which are highly dependent on the tourist industry, the domination of foreign control is almost complete. In St. Lucia, for example, "eleven of the fifteen hotels are owned by North Atlantic interests".[102] The concentration on tourism in the small territories, is partly the result of another foriegn sponsored commission. This is the Tripartite Economic Survey of the Eastern

[101] William Demas, p. 12.

[102] Frank McDonald, p. 138.

Caribbean which was jointly undertaken by the United States, Canada and Britain. The survey concluded that tourism is the key growth industry in these islands and recommended that official development assistance focus on the provision of infrastructure for private investment. Like other commissions before, "it was merely keeping up with the traditional and continuing process of under-development in the region, which has been serviced by a whole range of misguided institutions and activities".[103]

In the larger territories, as the result of the Canada-Commonwealth Caribbean Conference in Ottawa, 1966, Canada promised to make available over $75 million to invest in basic infrastructure, public utilities, transportation and education (in Chapter 3 this subject will be dealt with in greater detail). Clearly, the strategy is designed to modernize public utilities and infrastructure, as a conditioning factor so as to be more receptive to the growing investment from the North Atlantic community. Consequently, governments in the region have given top priority to the tourist industry, in their quest for economic development. In Antigua, Barbados and Jamaica, the gross expenditure of tourist amounted to $18 million in 1967; $54 million in 1968 and $178 million in 1968 respectively. While these figures look very impressive, Demas states that, "they are misleading because of its contribution to the economy".[104] To be sure, not all expenditures by tourists benefit the Commonwealth Caribbean economies because the bulk of the tourist food and other purchases are imported.

The Report of the Senate Committee on Foreign Affairs Respecting Canadian Relations with the Caribbean Area, succinctly pointed out "the major problem has been that too little of the economic benefit of tourism accrued to the

103 Lloyd Best, Independent Thought and Caribbean Freedom, New World, 1972, p.13.

104 William Demas, p. 13.

local societies. Prevalent foreign ownership has resulted in a large outflow of repatriated profits. Almost all of the industry's material requirements have normally been imported, providing no stimulus whatever to local industries. The import bill has usually included machinery, construction materials, furnishings and most consumables including even fresh fruits and vegetables".[105] The Committee went further by stating that "if the tourist industry is to have any broad and lasting impact, many more of its material requirements from consumable to construction materials must be procured locally, rather than imported (as is now the general rule). While this will improve mainly local government action in encouraging local production and purchasing and in educating tourist about local products, Canada could assist significantly by directing more of its assistance to production related to tourism, and by adopting cooperative policies in other fields".[106]

Another major characteristic of the region's economic activity is the extent of the high dependency on the international commodity trade for the production, and the importation of a wide variety of domestic goods which they require. As the result of this international dependency intra-regional trade has been very low. In 1967, "total share of intra-regional trade among CARIFTA countries was only 6% as compared with 20% with the U.K. and 35% with the U.S.A."[107] Professor Norman Girvan and Owen Jefferson state that "the reason for this lopsided intra-regional trade is due primarily to the operations of the international corporations which have the effect of integrating each country more closely into the metropolis rather than with other countries

105 Report of the Senate Committee on Foreign Affairs Respecting Canadian Relations with the Caribbean Area: p. 46.

106 Ibid, p. 49.

in the region. It is also due to the centuries - old rivalry among countries, which makes them compete for metropolitan investment (and tourism) in their own individual countries rather than seek to cooperate with one another through common policies and joint development of resources".[108]

An analysis of the Commonwealth Caribbean economies would not be complete without a commentary upon the position of the multinational corporation vis-a-vis Caribbean integration. West Indian economist Lloyd Best in his analysis of the role of the multinational corporation in the Caribbean pointed out:

"... perhaps the most important characteristic of the regional economies is that they are dominated by a series of international corporations. Moreover these corporations form parts of wider international systems of resource allocation. This is true of the mining corporations, the sugar companies, the hotel chains, the banking, hire-purchase and insurance houses, the advertising companies, the newspapers and the television and radio stations... in so far as there is harmonization among these concerns, it is for the most part achieved within the context of the metropolitan economies where they are based, and not in the peripheral economies of the countries where the companies actually operate. Moreover, the policies of the corporations are determined by their parent companies operating somewhere in the northern hemisphere and not by the local need to integrate industries and to increase interdependence between different sectors of the economy. The colonized nation is therefore, hardly more than a locus of production made up of a number of fragments held tenuously

108 Norman Girvan and Owen Jefferson, Corporate v. Caribbean Integration, New World, Readings in the Political Economy of the Caribbean, 1971, p. 94.

together largely by government controls - themselves often borrowed from elsewhere. In other words, it is to be appreciated that it seems to be inherent in the structure of the international corporations which operate in the region that the Caribbean economies remain fragmented and unintegrated. It is not merely a question of the flow of goods, though it is important; it is principally that the corporations are the channels through which metropolitan technology and forms of organization are introduced into the economy with little reference to the overall domestic factor market".[109]

These corporations operate under an imperative to grow. They seek to assure sources of raw material supplies abroad, to promote exports, to open investment opportunities abroad, to maximise profit and to guarantee the security of existing investments. Since the main concern of the multinational corporations is profits and economic hegemony; any economic development that takes place in the region is incidental to their activities. Clearly, the structure of the multinational corporation with its vertically integrated links with the metropolis inhibits the growth of industrial interdependence within the national and regional economies. Norman Girvan referring to the effects of multinational firms in the Caribbean bauxite industry, states that "the bauxite reserves under their control are utilized for their own growth and development of the Caribbean countries."[110]

Political and Social Dependency Reinforced

The dependency situation is not strictly an economic matter. Rather it also shapes the social and political aspects of the society. At the root of

109 Lloyd Best, Size and Survival, Readings in the Political Economy of the Caribbean, New World, 1971, p. 32.

110 Norman Girvan, Why We Need to Nationalize Bauxite, and How, Readings in the Political Economy of the Caribbean, New World, 1971, p; 219.

this dependency is the multinational corporation whose main concern is the increase of profits of the company as a whole, and not to preserve the interests of the country in which the plant is located. Here the governments of the region with their economies dominated by these corporations find themselves largely incapable of independent action or initiative. Under these conditions the Commonwealth Caribbean governments respond primarily to the needs of the foreign corporations, rather than national needs. In this environment, the national economies cannot grow on their own initiative. That is to say, they cannot grow on the basis of governments development plans. They can grow only by decisions undertaken by the externally located head offices of the multinational firms.

However, this dependency can result perhaps more in an identity of interests than a conflict of interests between multinational corporations and national governments and various vested interests groups. This is because the principal factor in the development and perpetuation of dependency of the region was (and is) the identity of interest between the national ruling class and the economic structure of the dominant nation(s). National businessmen grew up with and benefited from their nation's dependency situation. Today, influential national businessmen still continue to confine much of their business activities to the export or activities complementary to the foreign capital, and they are engaged in non-competitive relationships with foreign investors.

Contemporary society is characterized by a highly stratified class system. In this system, the power elite that rules over the improvished majority of the population includes two main sectors. First, the principal foreign elements are European and North Americans, who own and control the major commercial and industrial components of the region. The important role of the foreign sector is conditioning the social economic and political structure of the region. Consequently, the foreign elements do not operate independently, but within the framework of a set of modern international institutions and among power groups whose interests are interrelated with those of the corporations. Thus aside from the economic control of the key sectors of the economy by these institutions and corporations, they also affect the political decisions concerning development.

The second important sector is that of the domestic national class. This sector is composed of large absentee land holders, politicians, civil servants; lawyers, insurance and bank managers; import and export monopolists and similar types who have established a profitable alliance with foreign operators. The key point about the domestic sector is its polorization into those classes with jobs, income status and participation in society as against those classes either without employment or in jobs of meagre wages. Among the classes that together form a marginal mass, are the unemployed and underemployed workers, and service workers. Along the continuum of the scale are the best paid of the stable working class, the entrenched middle-class and the owners of hugh estates.

The dependence of the Commonwealth Caribbean elites on external factors reflects their internal weakness, their inability to mobilize domestic human and material resources. At the same time, to attempt to mobilize these internal resources for national development would engender various conflicts with both private and public interests. Moreover, a really effective mobilization would cut into the privileged positions of established social groups.

Over the past decade the major territories have been granted constitutional independence. Yet the economic dependency in these countries has not been altered in any significant way. As Dr. Eric Williams, the Prime Minister of Trinidad and Tobago vividly pointed out,

> "the history of the Caribbean has failed to confer either power or dignity on the disposed. The manipulation of the economy, society and culture by external forces over the last four and a half centuries has undoubtedly contributed to a certain degree of material prosperity among many sections of the population (more so in Trinidad and Tobago, because of oil) but it has not conferred upon the masses the power of self-determination or dignity. They have no economic power; there is a largely borrowed culture and set of values; they need to have greater pride in themselves; they think of themselves not as a Nation, but as an Island still in the colonial period from which the only form of escape is emigration to the ghettos of the United States of America with the recent addition of the incipient ghettos in the United Kingdom and Canada".[111]

Foreign control of the key sectors of the economies persist. The new authority "deliberately assume the role of house-slave, as it were to metropolitan business.[112] The development policies which have been undertaken by the governments of the region have only reinforced the dependency of the territories. Their strategy is:

> "to rely on metropolitan initiative in investment, technology and marketing, on continued metropolitan ownership of control of the

111 Eric Williams, PNM, "Perspective for the Seventies" The Nation, Vol. 14 September 5, 1970.

112 Lloyd Best, p. 8.

main means of production and therefore on a (temporary) reinforcement of the traditional economic relationships. They reason that this will secure them more time and in the end create more auspicious material conditions for an ultimate exercise of political independence and for the promotion of social equality and social justice."[113]

C.L.R. James goes further by stating that while leaders in other nations talk of steel mills, dams and power plants, "the West Indian politicians talk about how much money he will get from the British Government or from the United States" (and now Canada).[114] In essence the development policies of the government can be described as negative politics. In order to attract foreign capital, the governments not only import metropolitan goods, but cater for expatriate tastes. Foreign investors receive exclusive living conditions, public defence, and assurance of social harmony along with their tax exemptions. Attentiveness to the "confidence of metropolitan investors restricts Commonwealth Caribbean public policy, discouraging economic reform and muting consideration of social needs".[115]

In summary it can be concluded that the dependency of the territories is the result of the economic policy of the governments of the region and planning which has been too "growth-orientated" in the belief that once growth takes place through the expansion of the activities of the international corporations already operating in the country and through the attraction of new branch plants in industry and tourism, all the problems of the economy, including unemployment, income distribution and local participation, would be automatically solved by the operations of some kind of "invisible hand".[116]

113 Ibid, p. 8.

114 C.L.R. James as quoted from David Lowenthal, p. 305-306.

115 David Lowenthal, p. 246.

116 William Demas, p. 17.

CARIFTA AND CARIBBEAN DEVELOPMENT BANK

CARIFTA

The national governments are showing particular concern for their inability to solve the existing social and economic problems partly because the multinational corporations are not making any significant contribution toward solving the problems arising from the rapidly expanding population and the growth in the labour force. As a result, they have been under increasing pressure from internal sources, especially from the academics. These pressures are directed particularly at government policies which offer advantages to the multinational corporations.[117] The academic community are demanding a rejection of functional dependency - "the dependency that arises as a result of the particular policies chosen and can therefore be avoided if alternative policies are pursued".[118]

Recognizing that the present situation was not benefiting the society as it should, government still plagued with the problem of unemployment, foreign control of the key sectors of the economies, and internal pressure, commissioned a series of studies for the purpose of regional economic integration. According

117 According to Nathaniel David, President of Alcan giving evidence to the Standing Senate Committee before the nationalization of bauxite, "the basic reason why our taxes in Guyana have been relatively lower than our taxes in Jamaica in recent years is that we have been running through the period of financial incentives granted by the Guyanese government to assist development of many of our recent capital projects including a tax-free period. We have received investment allowances, and a five year tax-free period for the alumina plant, and we have been running through a resulting period of low tax revenues". Canadian Standing Senate Committee on Foreign Affairs, No. 3, p. 19, 1969.

118 Norman Givan, The Development of Dependence in Latin America and the Caribbean. A paper presented for the Conference on External Dependence and Problems of Development in Latin America and the Caribbean, sponsored by the Latin American studies Committee of the University of Toronto, Toronto, April 7, 8, 9, p. 8, 1972.

to some of the findings, "integration schemes (irrespective of their scope) necessarily entail adjustments and development of a set of complementary institutions aimed at two principal objectives, defining, interpreting and giving concrete existence to the content of national commitments to integration, and bringing into existence those mechanisms needed to ensure the subsequent smooth functioning of the integrated area. To be successful, the inspiration for these institutional changes must flow directly from the strategy of integration."[119]

The studies also pointed out that there are "dynamic gains which are likely to accrue from the economic integration of the Caribbean and that integration should not be limited to those conditions which govern the exchange of goods, but should also include in its perspective the integrated production of goods."[120] On the subject of free trade, the author states that:

> "although opportunities do exist for expanding trade in some agricultural and industrial commodities by a system of free trade, it is evident that the possible quantity and range of trade which could take place at present are limited by the structure of our own demand and by the existing narrow production-capacity of West Indian economies. The range of goods within which trade creation is possible is limited immediately by the fact that the area over which internal competition can prevail, is minute. The constituent members' production is geared almost entirely to external demand. Similarly, their structure of demand is geared almost entirely to external production. In effect then, West Indian economies are neither competitive

119 Havelock Brewster and Clive Y. Thomas, The Dynamics of West Indian Economic Integration, Institute of Social and Economic Research, University of the West Indies, Jamaica, 1967, p. 29.

120 Ibid, p. 19.

nor complementary. Hence the scope for both short-term trade creation and trade-diverting, trade creation through the mechanism of free trade is extremely narrow".[121]

In addition to the Social and Economic Research studies, where the types of mechanism available for achieving economic integration are studied, and the necessary policy measures needed to bring about an appropriate system of regional economic integration are outlined, several other important studies have demonstrated the potentials available to the Commonwealth Caribbean. The studies of Brewster and Thomas, Beckford and Girvan, demonstrate certain developmental possibilities for the region if the institutional form and quality of potential decision making are changed.

McIntyre recognizes that "the economies of the region are led by export demand and that import substitution does not offer promise of substantial long-term gains in the economic field. He also recognizes that import substitution does not result automatically in an equitable distribution of gains and he consequently introduces the concept of export substitution. Under this novel idea, he proposes that a relatively inefficient exporter in the region could, with benefit, yield a place in an export market outside the region to a more efficient producer of the region in return for a center compensatory advantage. The Beckford study demonstrates in particular that there are substantial possibilities of gain likely to accrue from cooperation in the production and export of bananas to markets outside the region. The Brewster/Thomas study deals with the problem of regional production complexes which would maximise the gains to the region as a result of indigenous production."[122]

[121] Ibid, p. 13-14.

[122] As quoted from Frank Rampersad, The Caribbean Free Trade Association. Regionalism and the Commonwealth Caribbean edited by Roy Preiswerk Institute of International Relations, University of the West Indies, Trinidad, 1968, p. 78.

Accordingly, the governments of the region, undaunted by their earlier failure to establish a single federal state, formed the Caribbean Free Trade Association[123] "to fulfill within the shortest possible time the hopes and aspirations of the peoples of the Caribbean territories for full employment and improved living standards".[124] If nothing else, the territories seemed to indicate a considerable improvement in Commonwealth Caribbean political and psychological climate for cooperation in economic matters. It is difficult to say whether this improvement reflected a better perception of a regional unity of interests or whether it arose from dissatisfaction with traditional economic relations with the outside industrialized world. Nevertheless, the territories agreed to bring about closer economic cooperation.

The removal of tariffs and limited restrictions from trade among these territories was conceived of, and embarked upon as a first step towards closer economic cooperation between these territories. Aware that the freeing of trade would not significantly benefit the weaker members of the Association, nor significantly strengthen the regional economy as a whole, the founders of CARIFTA provided for special measures to help those territories classified as

123 The Carifta members are Jamaica, Trinidad and Tobago, Gyyana, Barbados, Antigua, Monsterrat, St. Vincent, St. Lucia, Grenada, Dominica, St. Kitts. Nevis-Anguilla and Belize (Entry of the Dominican Republic has been explored).

124 Premable to the Carifta Agreement, p. 5.

Less Developed members.[125] These measures included the establishment of the Caribbean Development Bank[126] whose role was to harmonize "economic growth and development of the member countries in the Caribbean having special and urgent regard to the needs of the Less Developed Countries, "which do not qualify for loans from the international financial institutions. The Bank has an initial capital of $50 million of which $20 million would be contributed by Canada and the United Kingdom.

To further the objective of regional economic development, the Agreement provides for the pursuit of a Common External Tariff, the harmonization of fiscal incentives to industry and a common approach to foreign investment and regional integrated industries. While some measures are being taken to improve the position of the Less Developed Countries, nothing has been done on a

125
Article 4 sets out the basic principle of the Carifta Agreement the removal of all tariffs (import duties) on trade among member countries. The main exception to the principle of the immediate removal of all trade barriers in the Reserve List of commodities are tobacco, paints, radios, T.V. sets, batteries, manufactured tobacco except cigars and certain clothing and footwear. In respect of goods on the Reserve List, duties will be gradually removed over five-year and ten-year periods - five years by More Developed Countries of Barbados, Guyana, Jamaica and Trinidad and Tobago and ten years by the Less Developed Countries of the Leeward and Windward Islands. Carifta and the New Caribbean, p. 21-22.

126
The establishment of the bank, to provide finance for private and public development in the Caribbean and to promote economic cooperation and integration was one of the recommendations of the Tripartite Economic Survey of the Eastern Caribbean, sponsored jointly by the Governments of Canada, U.S. and Britain. One of the main conclusions of the survey's report was that increased regional economic cooperation was necessary to achieve maximum growth in the tourist industry and in other areas of economic activity. Survey of British and Commonwealth Affairs: Prepared for British Information Services by the Central Office of Information, London - Vol. 4, No. 4, February 13, 1970, forthnightly, p. 162.

regional basis that is likely to lead directly to the fulfillment of the stated CARIFTA goal of full employment in the region. In the face of the chronic high and apparently rising unemployment rates in the region, there is absolutely urgent need for regional perspective planning for employment. Such planning calls for the use of techniques and approaches to development which would involve the combined development and utilization of the resources of the region on a regional basis. The pursuit of any such common approach however, calls for the adoption of common policies in many other areas, including the important area of foreign investment, in which as has been the case so far, different countries adopt different policies.

Since the formation of the association, certain territories (Jamaica, Trinidad and Tobago and Guyana) have benefited substantially from the expansion of both agricultural and industrial production.[127] The picture does not appear so bright from the point of view of its smaller and less developed members. Lacking raw materials, capital and skilled labour, they find it more difficult to attract investment and industry. The Less Developed Countries "have claimed that CARIFTA has brought them no benefit and they are being exploited through it by the more industrialized members". They complain that manufactured goods imported from Trinidad, Kingston or Bridgetown cost more than similar items previously brought in from Hong Kong, Japan or even Britain".[128]

127 Jamaica for example, doubled her exports to the area in the first 18 months after CARIFTA was established. In 1969, 13 new industries were set up there, and in early 1970, she was able to boast of some 1,000 industries, ranging from electronics to matches. By the end of 1968, Trinidad and Tobago had nearly 400 industries, including a motor vehicle assembly plant, with another one being planned. As quoted from Emmanuel De Kadts, p. 8.

128 Emmanuel De Kadt, Patterns of Foreign Influence in the Caribbean, Royal Institute of International Affairs, Oxford University Press 1972, p. 8.

According to Emmanuel De Kadt, of the Royal Institute of International Affairs, commenting in an article which appeared in a Financial Times article that:

> "the CARIFTA countries must develop stronger links and that the political leaders must begin to think in regional terms if CARIFTA is not to break up or merely degenerate into a quadripartite trade pact between Jamaica, Trinidad, Guyana and Barbados. That article critizes the widely different taxation levels, financial and monetary policies and above all the rival incentive schemes which have resulted in island-hopping by foreign investors and revenue losses for the islands and it emphasizes the urgent need for CARIFTA politicians to sit down and plan the economic development of their islands jointly and selectively".[129]

Politics of Carifta

The Carifta Agreement does not concern itself with the whole spectrum of the region's interest, but limits itself to what happens to trade in the area. The main obstacles to integration of the West Indies is the low level of political "commitment" to the idea of integration. The traditional political response to this problem has been either to waterdown proposals sufficiently to make them "politically" acceptable or to concentrate on changing the existing political structure.[130] James Millete expresses a similar view by pointing out that:

> "first of all, Carifta provides the means of adopting, a "simple device which least restricts the autonomy of the individual units and of private enterprise". In other words, Carifta facilitates the maintenance of the

129
Ibid, p.9.

130
Havelock Brewster and Clive Thomas, p. 27.

status quo in the essential relationships between the states and between the groups and classes of persons that compose them. Secondly, Carifta provides the possibility and the means of yet another diversionary tactic on the part of the West Indian governments by which they adopt the forms of progress without really, seeking its substance. Carifta is just that kind of exercise which involves an apparent commitment to the enlightened political idea of regionalism without involving any inextricable involvement at any serious level. A third reason suggests itself, that is, that having commissioned the studies on integration the governments of the region, prodded by the vested business interests, then proceeded as if the studies had never been written. Just another set of reports for another set of pigeon-holes![131]

Caribbean Development Bank

Partly as a result of the failure of the under-developed countries to obtain greater flexibility in the policy of the World Bank, and partly because of the desire of these countries to reduce their degree of dependence for long term investment on external sources, as well as in view of the need to increase the supply of investment resources mobilized from within the region, numerous developing member countries of the World Bank have, within the last decade, grouped themselves to establish regional development Banks. In some cases, such as the Asian and African Development Banks, the establishments were created under the sponsorship of the United Nations regional economic commissions. The Inter-American Development Bank was sponsored by the Organization of American States and the Caribbean Development Bank was created under the sponsorship of the United Nations development commission.

131 James Millette, p. 39.

The origin of the idea of a regional bank can be traced to Rapael Rico, President of the Government Development Bank of Puerto Rico, in 1963, in discussing the need for institutional development and the role of the Caribbean Organization in fostering the advancement of the region. A few years later, William Demas introduced the idea that, "there should be established a Development Bank for the Commonwealth Caribbean working in close association with an Institute for Industrial Research and Technology, and charged with implementing the regional investment policy designed to prevent polorization and to permit co-ordinated development".[132]

At the same time, the Report of the Tripartite Economic Survey of the Eastern Caribbean on April 22, 1966, proposed the formation of a Regional Development Agency consisting of two divisions;

(1) a Technical and Commercial Services Division, and

(2) a Development Bank Division, which, among other objectives, was to "deal with certain international development agencies whose rules at present exclude individual islands from consideration on grounds of size... and to private capital by the issue of appropriate types of shares, both overseas and within the islands, thus tapping further sources of development finance".[133]

In all the proposals for a development bank for the Caribbean "the idea of the inflexibility of the international organizations and their inability to deal with the small economies of the region seems to be one of the motivating

132 William Demas, Planning and the Price Mechanism in the Context of Caribbean Economic Integration, "Paper presented at the Third Conference of Caribbean Scholars, Georgetown (Guyana) 1966, Puerto Rico, Institute of Caribbean Studies, 1967, p. 88.

133 Report of the Tripartite Economic Survey of the Eastern Caribbean, Her Majesty stationery office, London 1966, p. 250.

factors."[134] The proposals in the Tripartite Survey were conceived only to serve the Eastern Caribbean islands, unlike the Demas proposal, the geographical scope of which was the Commonwealth Caribbean. As a result a Conference of Caribbean Heads of Government held in Barbados in 1966, a paper was presented entitled "Proposals for a Regional Development Bank" following which a Committee was set up to consider "the effective basis for the establishment and functioning of a regional development institution and to prepare proposals therefor".[135] Consequently, the Caribbean Development Bank came into being formally with the signing of an Agreement in Kingston, Jamaica in October 1969, by its eighteen members.

The main objective of the Bank is to promote economic growth and cooperation in the Caribbean, utilizing the resources at its disposal for financing regional and national projects and programmes which will contribute most effectively to the harmonious economic growth of the region and pay special regard to the needs of the smaller areas. Its function is to mobilize additional financial resources for development on a regional basis, to finance national projects and programmes of high priority for which existing national or international financial mechanisms are unavailable or inappropriate, to finance important development projects with particular reference to the special needs of the smaller and less developed areas, to finance multinational and other projects for the promotion of intra-regional cooperation and trade, to promote public and private investment in

134 Fitzgerald Francis, "The Caribbean Development Bank" Regionalism and the Commonwealth Caribbean, Papers presented at the seminar on the Foreign Policies of Caribbean States, April-June, 1968, Institute of International Relations University of the West Indies, Trinidad, 1968, p. 89.

135 Ibid, p. 89.

development projects, to provide appropriate technical assistance, specifically by undertaking or commissioning pre-investment surveys and by assisting in the identification and preparation of project proposals.[136]

The Bank has a capital of $50 million U.S. subscribed by sixteen regional members and two non-regional members: Canada ($10 million) and Britain ($10 million). These resources are used to finance ordinary operations by lending at commercial rates. In addition to its equity capital and other funds, the Bank may borrow on capital markets. The Bank has also established a Special Fund to which Canada and Britain are each contributing $5 million U.S., and the United States $10 million and an Agricultural Development Fund to which Canada has contributed $2.5 million. (See Chart 2.2 for the capital structure of the Bank).

The Bank's capital is used primarily to foster infrastructure projects connected mainly with agriculture, manufacturing, tourism, mining and transportation, while the agricultural and industrial sectors have accounted for a greater number of loans, infrastructure has been the most important in terms of total dollar commitments. Approximately $5.5 million has been allocated to this sector out of a total of $10.6 million committed to date (1972).[137] One of the most striking features of the Bank is its dependence on non-regional sources for financial assistance for its survival. Besides this dependency, loans provided by non-regional members are also tied to their goods and services. However, "only the Canadian Agricultural Development Fund allows the borrower to procure goods and services from any country, regardless of whether or not it is affiliated with the Bank".[138] In a way, it can be argued, these kinds of

136 Caribbean Development Bank, United Nations Development Programme, Report of the Preparatory Mission, SF/310/Reg.111 New York, 1967, p. 4.

137 Kenneth Dunn, Financing Caribbean Development Canada Commerce, Vol. 137 No. 1. January 1973, p. 9.

138 IBID p.9

CHART 2.2

CAPITAL STRUCTURE OF THE BANK

Regional Members	Subscriptions U.S. Millions of Dollars
Jamaica	11.2
Trinidad & Tobago	7.7
Bahamas	3.3
Guyana	2.4
Barbados	1.4
British Honduras	.5
Grenada	.5
St. Lucia	.5
Antigua	.5
St. Vincent	.5
Dominica	.5
St. Kitts-Nevis-Anguilla	
Monsterrat, Turks and Caicos Islands, British Virgin Islands, Cayman Islands	.5
Non-Regional Members	
Canada	10.0
Britain	10.0
Special Development Fund	
U.S. Aid Line of Credit	20.0
Canada	5.0
Britain	5.0
Agricultural Fund	
Canada	2.5

Source: Canada Commerce: January, 1972, Vol. 136, No.1 p.6.

stipulations facilitate foreign control of the economies of the territories.

Non-regional members have a vested interest in encouraging economic development in the Commonwealth Caribbean, so long as it follows general guidelines consistent with their corporate interest. Sir Arthur Lewis, President of the Caribbean Development Bank, points out that "our biggest lender, the U.S.A.I.D. demands to see full appraisal for each single loan we make with their funds, and reserves the right of final approval for any project costing more than $500,000.[139]

Another characteristic of the Bank is the voting procedure which denies the region of any meaningful control of even minor policy matters in the Bank, as not even unanimity of the regional membership would give them the required majority vote. Moreover, since the regional members are to be the only beneficiaries from the services of the Bank, the inordinate use of restrictive majorities prevents them from getting the Bank to approve matters of peculiar interests to themselves, even when there is complete unanimity within the region.[140]

To put the above in perspective, according to Fitzgerald Francis, "the regional group is supposed to control 60% of the votes and the non-regional group the remaining 40%. Superifically, this appears to say that as long as the countries in the regional group get together they can always out-vote the non-regional countries, and therefore retain control of the policy of the Bank. In actual fact this is not so because very considerable use has been made in the Charter of the device of qualified majorities. Almost all important matters on which voting is required call for 60% or even 75% majority votes for approval.

139 Arthur Lewis, Some Constraints On International Banking, The Voice of St. Lucia, Saturday, October 28, 1972, p. 8.

140 Fitzgerald Francis, The Caribbean Development, Regionalism and the Commonwealth Caribbean, edited by Roy Preiswerk, Institute of International Relations, University of the West Indies, Trinidad, 1968, p. 99-107.

This means that not even perfect unanimity within the region could secure approval for such provisions. At least one non-regional member, and there are only two of them at this stage, must vote with the regional governments if the particular provision is to be accepted on a 60% or 75% majority. Consequently, the 60% voting control does not mean very much except for day to day decisions of the Bank. Furthermore, the present state of Caribbean unity suggests that one is unlikely to find such unanimity within the region as to secure the full 60% vote. Thus the 60.40% rule, on the face of it, may not even secure the regional control of day to day operations."[141]

The dependency of the Bank on foreign sources and the nature of the voting mechanism make the Bank exceedingly vulnerable to outside influence. Moreover, one apparent cost of this dependency is the political and economic leverage of the non-regional members over the region.

141 Fitzgerald Francis, p. 98.

CHAPTER III

CANADIAN AID TO THE COMMONWEALTH CARIBBEAN

Historical Contours of Canada-Commonwealth Caribbean Economic Relations

The Commonwealth Caribbean has been of great interest to Canada since the Eighteenth Century. To many this interest has resulted from a shared tradition in law, government and ties with the British Crown, as well as the economic attractiveness of the Caribbean. Professor Duncan Fraser amplifies this contention when he states that "there exists between Canada and the West Indies not only the community of economic interest arising out of traditional trading relations but beyond this there is a very real fact, that as Commonwealth partners in the Americas, Canada and the West Indies share common political legal, and social traditions and attitudes. The traditions of the British Caribbean, like those of Canada are the traditions of British parliamentary and responsible government. This is a major and significant common interest, for there is in the Canadian-West Indian relationship a common set of political and social assumptions which should reveal Canadian-West Indians to one another as something much more than mere partners".[142]

The impetus for closer association was the result of historic links between Eastern Canada and the West Indies which dates back to the days of the Eighteenth Century mercantile system, when Canadian lumber, flour and salted fish were exchanged for West Indian sugar, molasses and rum.[143] A century later around the time of Confederation, the territories absorbed approximately

142 Duncan Fraser, Canada's Role in the West Indies, Canadian Institute of International Affairs, Vol. XX111 No. 3, January 1964, p.1.

143 According to Dr. Bruce Fergusson, interdependence has been the arch on which the colonial system rested. In that system, the West Indies has been a significant component, not only supplying the mother country with tropical products, but also providing an outlet for the fish, lumber and food of the continental colonies. Dr. Bruce Fergusson, The West Indies and the Atlantic Provinces of Canada, Institute of Public Affairs, Dalhousie University, Halifax, Canada 1966, p. 24.

one third of Nova Scotia's exports of fish and forest products. During the same time, Canadian interest in the West Indies developed beyond the export of fish and lumber because of the "existence of an unlimited market for Canadian manufacturers and products in the West Indies and South America".[144] Consequently, several attempts by private firms to establish a line of steamers for the Canada-West Indies run so as to absorb the large market for Canadian goods were made.

However, banks and insurance companies were more fortunate. They were busy exploring the prospects of locating branch operations in the West Indies. "Indeed, the Bank of Nova Scotia had branches in the West Indies long before it ventured into the Canadian West".[145] By 1879, The Sun Life Insurance Company of Montreal had established a branch office in Barbados, the first outside Canada.[146] Because of the success of these financial institutions interest groups within Canada and the West Indies were pressing for closer political relationship. In Canada, the advocates for overseas expansion generated some degree of sympathy for their case. The movement was led primarily by the "Canada First Movement", a group which advocated Canadian nationalism within the Empire. Their main programme included a demand for "closer trade relations with the British West Indies Islands, with a view to a closer political connection".[147] Meanwhile, in the West Indies the white planter class and

[144] Robert Grant Haliburton, "Intercolonial Trade, Our Only Safeguard Against Disunion", 42 page pamphlet, Ottawa, G.E. Desbarates 1868, pages.124-128 are on the W.I. trade prospects. p. 24.

[145] Robin Winks, Canadian-West Union: A Forty Year Minute, Institute of Commonwealth Studies, London 1968, p. 10.

[146] Ibid, p. 14.

[147] Ibid, p. 14.

merchants because of their dissatisfaction with the constitutional arrangements dictated by the Colonial Office were perceiving union with Canada as a means of consolidating their status in the islands.

"The brief flirtation that followed has every appearance of being for public display. The Jamaicans wanted to show the Colonial Office that they might well seek out other solutions than those so far permitted to them".[148] Nothing came of the idea because Canada did not interpret the planters dissatisfaction with the British Crown as a clear expression from the islands themselves of a desire for union. "Within eighteen months the unionism bubble burst".[149] The mood for political union arose again in 1908, when many of the islands gave special preferences to Canadian goods, and consequently to the signing of a Trade Agreement in 1912. The Canada-West Indies trade agreement of that period, confirmed the arrangement of preferential tariffs between the two regions. Many hoped that the unity which prompted the islands to agree to tariff arrangements would extend to political union. But this was not to be.

While trade relationships gave rise to the idea of a political union, the racial implication of the idea was always a factor in the Canadian mind. As early as 1884, Prime Minister Sir John A. McDonald, in a letter to Sir Francis Hincks, pointed out the obstacles of a federation with the region by stating that "the commercial union would be valuable, but I dread the political future which a union opens to us... the negro question".[150] In 1929, the idea of political union was again raised. William Keith Baldwin, a federal member of Parliament argued convincingly for Canada to lay claim to the West Indies by

149
Ibid, p. 17.

150
Sir Joseph Pope, Correspondence of Sir John McDonald 1884, Toronto, Oxford University Press, 1921, p. 3.

pointing out that, "if Canada could annex the British West Indies it would be a good thing, not only for the British West Indies themselves but for this country as well.... sure, their skins are dark, but I am sure no one would compare them with the coloured population of the United States".[151] The idea once more proved abortive. Canadian businessmen on the other hand realizing the Commonwealth Caribbean economic potential continued to press for closer "association". They have been successful to the extent that the region today represents "a higher degree of penetration for Canadian exports than in any other market for Canada except that of the United States. In fact, the Caribbean is Canada's third largest area for private investment".[152]

Giving evidence to the Standing Senate Committee on Foreign Affairs in 1969, Ken Patrick of Montreal Marigot Investment who has substantial real estate holdings in the Eastern Caribbean,states, "that these areas represent a project of the right size for Canada"[153] and suggested an ambitious scheme whereby "Canada and the smaller West Indian Islands would enter into an "association". If implemented they would become part of the Canadian currency area, trade barriers would be lowered or dropped altogether, and Canada would handle defence and foreign affairs for the Islands. The advantages of such an arrangement for Canada, he continued, would be phenomenal. We would be playing a positive role in economic development of an underdeveloped area.... Canada could retain a high portion of the millions of dollars now spent by Canadians seeking the sun in the Winter; the money would remain within the Canadian dollar area. Canadian investment in the territories, combined with technical know-how could

151 House of Commons Debate, Third Session-Sixteenth Parliament, March 7, 1929, p.775.

152 Canada In The Caribbean, Old Partners In Trade, Canada Commerce, Vol. 136, No.1 January 1972, p. 3.

153 Proceedings of the Standing Senate Committee on Foreign Affairs, Respecting the Caribbean Area. Second Session, Twenty eight Parliament No. 4, 1969, p.411.

rapidly establish year round fruit and vegetable production, and a tropical terrain in which to train Canadian troops".[154]

Various proposals of this nature have been supported by the Canadian government. The Honourable John B. Aird argued Canada's position very lucidly before the Senate Foreign Affairs Committee Respecting the Caribbean, when he said "Britain's withdrawal and the apparent disinclination of the United States to increase its commitment in the area leaves a neat geographical sphere of influence where Canadian effect will not be overshadowed".[155]

Trade Patterns

Before 1913, Canada had only 8.6% of Commonwealth Caribbean market, while the U.S.A. had 37.2%. By 1925, Canada had increased her share to 17.8% of the market while the Americans had retained 31.3%. Canada's success was due largely to the Canada-West Indies Trade Agreement of 1925, whose provisions "included extension by both parties of a general tariff preference to each other's goods, as well as special preferences to important commodities. Canada agreed that the tariff on imported goods from the West Indies should not exceed 50% of the general tariff".[156] In terms of specific preferences, West Indian demands and Canadian concessions reflected the nature of Caribbean economies. The existence of an agrarian mono-culture economy in the West Indies meant that the preferences on sugar, fixed at $1.00 (Canadian) per hundred pounds, would be most important for the region. In return the West Indies agreed that duties on Canadian goods would not exceed a certain percentage of the most favoured

154 Ken Patrick, Canadians in the Sun, Macleans Vol. 80, No.2, February 1967, p.67.

155 Proceedings of the Senate Committee on Foreign Affairs Respecting the Caribbean Area, No.1. February 6-13, 1969, p.1.

156 Kari Levitt and Alister McIntyre, Canada-West Indies Economic Relations, McGill University, Montreal 1967, p.15.

nation rate. These percentages varied from 50% in Trinidad & Tobago, Barbados and Guyana, to 66 2/3% in the Leeward and Windward Islands, and 75% in Jamaica. The 1925 Agreement also included a subsidized Canadian Steamship Service.[157]

The 1925 Agreement was based on the premise that, the West Indies were and would remain exporters of tropical agricultural products with neither the capacity nor intention of moving into manufacturing. It has also been argued that the 1925 Agreement with its special preferences, "might be regarded as a further entrenchment of West Indian dependence as an emerging metropolis".[158] Professor C.Y. Thomas of the University of the West Indies put the argument very succintly when he said that:

> "the 1925 Agreement fundamentally followed the pattern of all colonial trade agreements. Canada saw the West Indies as a region which was underdeveloped, poor and depending for its livelihood on the sale of tropical cash crops. Given Canada's relative industrialization and wealth at the time, it followed logically that Canadian policy was to create arrangements whereby it could buy tropical cash crops and subsidize their production through a system of preferences".[159]

Between 1922 and 1928, Canada absorbed 18 to 19% of the West Indies total exports and in 1933-1935, Canada became the second most important recipient of West Indies products. Despite this increase in trade, the nature of trade did not change. Over the next twenty years, Canada continued to export flour, salt fish and meat products, while the West Indies exported raw sugar, rum and a few agricultural products. It was not until the early

157 Ibid,

158 Rudolph Grant, Caribbean Underdevelopment and Canadian Aid, A Working Paper presented to the Forty-Third Annual Meeting of Canadian Political Science Association, January 8-11, Newfoundland, 1971.

159 C.Y. Thomas, Sugar Economics in a Colonial Situation: A Study of the Sugar Industry, Ratoon, Guyana, 1970, p.7.

1950's that the traditional commodities traded, began undergoing certain changes. The changes are reflected in the shift of Canadian interest from agricultural products to bauxite, aluminia and petroleum products. These staples plus sugar and their products play a significant role in the economics of the region.[160] Export to Canada play a more significant role to some Commonwealth Caribbean countries than to others. Thus, exports to Canada accounted for 4% of Trinidad's total exports trade between 1966-1968 [161] and 3.5% of Barbados total exports trade in 1970. Dependence on export to Canada is highest in the bauxite producing countries of Jamaica, and until recently of Guyana, because the industry is largely Canadian owned. Thus, exports to Canada amounted to 21% of Guyana's total in 1970 and 16% of Jamaica's total in 1969. Table 3.1 shows a complete breakdown of total exports by major areas and countries of destination, 1969 to 1970.

Looking at the Canadian trade performance to the Commonwealth Caribbean, according to Tables 3.2 and 3.3, the value of Canadian exports has been rising, while imports from the region have been declining. For example, to Jamaica, Canadian exports have been rising steadily, experiencing a growth from \$28.9 million in 1964 to \$46.5 million in 1970. On the other hand Canadian imports decreased from \$47.9 million in 1964 to \$27.0 million in 1970. The two tables also reveal that the trends in Canada's trade with the other territories are similar to Jamaica; continuous increase of exports and a relative decline in imports.

160
According to George Doxey, bauxite and aluminia plus sugar and sugar products account for 76% of Jamaica's exports; petroleum and sugar and sugar products represent 90% of Trinidad's exports. Sugar and sugar products constitute 85% of Barbados exports; over 90% of the exports of the Leeward and Windward Islands are made up of sugar and bananas. Standing Senate Committee on Foreign Affairs, No.5. 1969, p.99.

161
Economic Bulletin for Latin America, The Foreign Trade and Foreign Policy of the English-Speaking Caribbean Countries, Growth Pattern of Trade, 1950-1969 United Nations, Vol. XXVI, No.1, 1971, p.113.

TABLE 3.1

CARIBBEAN COUNTRIES: MAIN TRADING PARTNERS
(PER CENT OF TOTAL TRADE)

	EXPORTS 1969	EXPORTS 1970	IMPORTS 1969	IMPORTS 1970
TRINIDAD & TOBAGO				
U.S.A.	47.4	46.3	14.6	16.1
U.K.	9.8	9.6	13.9	13.2
West Indies	8.7	10.1	5.9	2.3
Sweden	5.6	6.4		
Venezula			36.0	24.5
Saudia Arabia			4.5	9.3
JAMAICA				
U.S.A.	38.2	46.8	41.8	43.3
U.K.	19.4	17.6	20.9	19.1
Canada	16.7	8.9	9.5	9.1
CARIFTA	3.5	3.6	1.3	1.7
E.E.C.	2.2.	1.5	7.8	8.2
BARBADOS	1968	1969	1968	1969
U.K.	39.9	47.3	28.0	28.7
U.S.A.	17.7	26.4	21.3	22.5
Canada	4.2	3.5	13.8	11.2
CARIFTA	1.6	1.4	10.4	9.2
GUYANA				
U.K.	26	16	32	20
U.S.A.	23	25	21	14
Canada	21	14	8	5

	ANTIGUA 1965	ST.KITTS 1969	GRENADA 1968	ST.VINCENT 1967	DOMINICA 1963	ST.LUCIA 1969	MONSTERRAT 1968
IMPORTS							
U.K.	37	28	33	31	32	31	35
Canada	11	15	10	12	15	12	9
U.S.A.	23	14	10	10	10	10	17
West Indies	13	19	19	21	18	21	22
EXPORTS							
U.K.	38	82	64	62	86	86	15
U.S.A.			3	4	1	1	6
Canada	8	10	5	9	2	2	6
West Indies	21	5	5	25a	8	16b	55

a.1964 b.1966

Source: Quarterly Economic Review, The West Indies, Bahamas, Bermuda, British Honduras, Guyana, Annual Supplement, 1972.

TABLE 3.2

CANADIAN EXPORTS TO THE COMMONWEALTH CARIBBEAN, 1964-1970
(MILLION DOLLARS CANADIAN)

	1964	1965	1966	1967	1968	1969	1970
Jamaica	28.8	30.3	33.5	39.1	34.4	40.5	46.5
Trinidad & Tobago	17.8	21.1	23.3	20.1	16.2	19.5	21.2
Guyana	7.1	7.7	9.9	12.1	9.3	8.4	12.2
Barbados	6.9	6.8	8.1	8.4	10.1	8.7	10.9
Leeward & Windward	8.0	8.0	8.8	9.7	8.4	10.4	14.0
Belize	1.0	1.1	.9	1.2	1.3	1.7	1.7
Total	69.6	75.0	84.5	90.6	79.7	99.2	106.5

Source: CIDA Annual Review 1965-1968, 1968-1970

TABLE 3.3

CANADIAN IMPORTS FROM THE COMMONWEALTH CARIBBEAN, 1964-1970
(MILLION DOLLARS CANADIAN)

	1964	1965	1966	1967	1968	1969	1970
Jamaica	47.9	36.0	37.3	31.9	33.9	45.9	27.0
Trinidad & Tobago	20.7	16.7	16.0	18.7	19.9	17.7	7.5
Guyana	35.7	22.5	29.1	30.0	29.4	31.0	28.7
Barbados	3.9	3.0	2.3	3.1	1.5	1.5	1.6
Leeward & Windward	1.0	.8	.9	1.4	1.3	2.4	3.2
Belize	1.9	1.2	1.5	1.9	2.4	2.5	3.0
Total	111.1	80.2	87.1	87.0	88.4	101.0	71.0

Source: CIDA Annual Review 1965-1968, 1968-1970.

Current Relationship

During the fifties, when the desire for independence began to gain strength, the British Government with the cooperation of some of the political leaders in the Commonwealth Caribbean began to encourage moves toward unity between various territories in the region. The case for a federal union rested in part on the assumption that a larger regional economic unit would facilitate industrialization and other forms of economic development. Canada responded favourably to the idea of a federated West Indies for a variety of reasons, one of which was its preference to negotiate with a single unit rather than with thirteen individual territories. Consequently, during the period of the West Indies Federation, 1958 to 1962, the Canadian government extended most of its aid to the Federation rather than to the island governments. Most of the aid was used for services that were regional in character. Of the $10 million five-year commitment of grants which Canada pledged to the Federation, $7 million was used to support an inter-island transportation system including the provision of two "Federal" ships.

Not unexpectedly, the collapse of the West Indies Federation in 1962 caused considerable disappointment in Canada, which made "no overt move to intervene lest it be considered unwarranted interference. Another reason for the hands-off policy was that a Canadian proposal for retention of a modified Federation would have brought a request for money".[162] In the circumstances, Canada had to revert to the old practice of aiding the programmes of the individual islands.

162 Richard A. Preston, A Study of the Implications of Canada's "Special Relationship" with the Commonwealth West Indies, The South Atlantic Quarterly, Vol. IXX, p.324, No.3.

Accordingly in April 1964, Dr. Eric Williams, Prime Minister of Trinidad and Tobago, took the initiative and proposed to Lester Pearson, the Prime Minister of Canada, the review of Canada-West Indies economic relationships. The proposal was called for a variety of reasons. One was the disappointing results of the 1925 Trade Agreement. Another was the Commonwealth Immigration Act which virtually brought to an end the entry of West Indians in Britain in search of work. A third reason was Britain's declared intentions to become a member of the European Economic Community. This placed in jeopardy the Commonwealth preferential system upon which the disposal of the primary products of the West Indies depended. Fourthly, this preferential system was further threatened with disruption by the American Trade Expansion Act of 1962, which initiated the Kennedy Round negotiations. Since Canada had always been conditioned towards seeking an American solution first for its economic policy, its response to the Act contained implications for the West Indies which called for a serious reappraisal of trading relations.

The timing of the proposal could not be more opportune. It coincided with what has come to be known as the Pearsonian era of internationalism. This was Canada's new thrust on the international scene in general and its concern for the underdeveloped countries in particular. Canada therefore responded positively to the idea and in 1966, a conference was held in Ottawa.

<u>The Commonwealth Caribbean-Canada Conference of 1966</u>

The agenda of the Conference included the review of the 1925 West Indies-Canada Trade Agreement, and a discussion of economic aid, immigration, cultural relations, transportation and communication, private investments and tourism. In regard to trade, the 1925 Canada-West Indies Trade Agreement was amended by means of a new Protocol to the original Agreement. The effect of the new Protocol is to continue the 1925 Agreement with some changes. The most important of these are, first the fixing of margins of preference in absolute rather than percentage terms, in order to conform to the GATT rules and, second, Canada agreed to waive the direct-shipment provisions and to grant duty free entry for Commonwealth Caribbean raw sugar up to the amount imported over the last five years. While Canada made major adjustments which were welcomed by the Commonwealth leaders, the conference marked Ottawa's reawakening to the Caribbean as a potential sphere of interest.

It soon became evident that the Ottawa Conference was working within certain limitations. The new sugar deal helped West Indies sugar cane in competition with Canadian beet but did not increase the price to that paid by the United States or by the United Kingdom. Refined sugar was not included. The British and American markets were larger and more important. In 1968, Hugh Shearer, Prime Minister of Jamaica, annoyed by the situation, said, that his country looked to Canada for "more action and less vague platitudes",[163] and sought a better sugar price. One critic, Professor Rudolph W. Grant of York University commenting on the 1966 conference, stated that "the proposals intended to extend Canadian West Indies cooperation, in fact further entrenched West Indian dependency, and in theory, at least, preserved the metropolitan satellite relationship". He goes on, "the Trade Agreement was not substantially revised it continued in force pending certain developments connected with GATT and the Kennedy Round. Nor were any fundamental questions raised about the nature of Canadian investment, save that

163 Canadian Institute of Inter Affairs, Monthly Report, November 7, September 9, 1968, p.97.

West Indian leaders were profuse in their gratitude about its existence and continuance."[164]

The failure to arrive at more concrete decisions, pertinent to Caribbean development meant that the 1966 Ottawa Conference produced little real progress in Canada-West Indies relations. Indeed, these relations suffered a setback when Canada unilaterally altered the sugar rebate payments. Canada proposed the establishment of a special $5 million Agricultural Development Fund for the Commonwealth Caribbean countries that are recipients of Canadian bilateral aid. The unilateral Canadian decision to replace the rebate system caused strained relations with the Caribbean countries. According to Dr. George Eaton, "at the moment there is strange resentment and hostility to Canada as a power than against any other that I know of in recent years. Much of the resentment stemmed from the fact that, the Canadian government had acted without full consultation with the Caribbean heads of governments. A further likely consideration was the fact that whereas the refund of import duties was being paid directly to the governments of the sugar producing territories the agricultural development fund would be under regional rather than national control".[165]

At the Sixth Conference of Caribbean Heads of Government in Jamaica, a resolution which was passed deprecating Canada's unilateral termination of the 1966 Ottawa Agreement, emphasized that they did not consider the proposed agricultural development fund an adequate substitute for rebates accruing to the benefit of the sugar industry. There was a consensus that a strong

164 Rudolph Grant, p.18.

165 George E. Eaton, Canada:Sugar and the Commonwealth Caribbean, News Statements, Vol.1, No.1, 1971, p.24.

protest be levied against Canada, and that a survey be made of Canadian exports to the area with a view to assessing the impact which could be made on the Canadian economy by retaliatory measures. According to Professor Rudolph Grant, "the unilateral Canadian decision to replace the rebate system, destroyed two major points of agreement at the Ottawa conference. First "the sugar rebate issue and second, the need for continuing consultation".[166]

Immigration

Canada's aid to the Caribbean can also be seen in the form of its being an outlet for West Indians. The assistance which has been offered to the West Indies as compared to some other countries is however limited. Racial consideration was always a factor from the outset. "As a matter of policy the Canadian government, with apparently the almost complete support of the Canadian people, bars or severely limits the immigration of Asiatics and other coloured people, not on the basis of individual merits, but wholly on the basis of race".[167]

Under the provision of the Immigration Act of 1953 to 1962, the Minister of Citizenship and Immigration was given the power to limit or prohibit the entry of immigrants for the following reasons, "nationality, citizenship, ethnic group, occupation, class or geographical area of origin".[168] In 1956, these categories were enumerated and described in Order-in-Council as Section 20 of the Immigration Act. Among the important regulations contained in this Section, one provided for the entrance of the

166 Rudolph W. Grant, p. 23.

167 Paul M. Roddick, Canadian Immigration Policy: The Hard Facts, International Journal, Vol. Xl, No.2, Spring 1956, p. 127.

168 G.A. Rawlyk, Canada's Immigration Policy, 1945-1962, Dalhousie Review, Vol. XLII, 1962/63, p. 292.

following immigrants, "a person who is a British subject by birth or by naturalization in the United Kingdom, Austrailia, New Zealand, or the Union of South Africa, a citizen of Ireland, a citizen of France... or a citizen of the United States of America... or a person who is the son, daughter, husband, wife or aged parents of a Canadian citizen".[169]

According to one critic, "it is evident that these regulations were intended to emphasize the fact that Canada wished to attract white immigrants, particularly from "white" Commonwealth countries, the United States and Europe... The basic prejudice against coloured immigrants underlying these regulations clearly reflected the strong prejudice against wide spread coloured immigrants which was and is still prevalent through Canada".[170] However, in 1962, "the controversial Section 20 of the regulation, placing restriction on the unsponsored admission of non-whites, was superseded by an adequate education and skills regulation".[171]

According to the new regulation, skill was indicated as being the prime criterion for admission, and persons from the Caribbean area were indicated as being in the widest sponsorship category in terms of degree relationship of sponsored relations. However, the skill criterion has served to provide Canadian officials with a rationale for largely ignoring the real immigration problems and issues when considering assistance and aid. The relatively low rates of immigrants from the region before 1962, was specifically because, Canadian immigration regulations before that date, "were designed for the purpose of attracting European immigrants.

169
Ibid, p. 292-293.

170
Ibid, p. 294.

171
Locksley G.E. Edmondson, Canada in the West Indies, International Journal Vol. XIX, No.2,Spring 1964, p. 197.

Liberal regulations and special incentives aided the flow of European immigrants into the country. On the other hand, the only West Indians allowed to enter were those who were sponsored by close relatives. Exceptions to this rule required special governments Orders-in-Council. Thus, the rule was relaxed to permit the entry of female domestic workers from the West Indies".[172]

Beginning with one hundred in 1955, the annual figure had risen to 280 in 1962. In 1966, Canada agreed to a one hundred per cent increase under the domestic scheme, and as a result reached a record high of 1,197 in 1969 (see Table 3.4 for more details). Ironically, "a considerable portion of persons coming to Canada as domestic servants are, in fact civil servants and secretaries who could not meet Canada's very stringent immigration requirements concerning skill".[173] However, since 1962, West Indians have been officially admitted to Canada on the same conditions as Europeans. This was fortuitious as the passage of the British regulation drastically reduced this outlet. It was in fact hoped by many in the region that Canada would replace Britain as the major outlet for the migratory West Indian, but Canada showed little interest. Hence the low level of immigrants from the region continued its normal trend until 1967. (See Table 3.5 for more details).

In 1966, as the result of the Canada-Commonwealth Caribbean Conference in Ottawa, the Canadian government announced that "Canada was prepared to keep its door open to qualified immigrants from the Commonwealth Caribbean

172 Levitt and McIntyre, p. 92.

173 Ibid, p. 92.

TABLE 3.4

Number of Domestic Servants Entering Canada From The Commonwealth Caribbean 1964-1971

YEAR	NO.
1964	347
1965	412
1966	475
1967	1,044
1968	689
1969	1,197
1970	847
1971	715
Total	5,726

Source: Department of Citizenship and Immigration, Immigration Statistic 1971.

TABLE 3.5

IMMIGRANTS TO CANADA FROM THE COMMONWEALTH CARIBBEAN 1946 - 1971

YEAR	NO.
1946	420
1947	404
1948	391
1949	384
1950	399
1951	66
1952	717
1953	916
1954	849
1955	793
1956	1,058
1957	1,162
1958	1,192
1959	1,196
1960	1,168
1961	1,126
1962	1,480
1963	2,227
1964	2,199
1965	3,655
1966	3,935
1967	8,403
1968	7,563
1969	13,093
1970	12,456
1971	10,843
Total	79,755

Source: Department of Citizenship and Immigration, Immigration Statistics.

on a completely non-discriminatory basis".[174] In Europe meanwhile, a lessening desire on the part of Europeans to migrate to Canada because of favourable conditions at home, reduced the number of immigrants in 1968 to 183,974 in 1969 to 161,531, and in 1970 t0 147,713.[175] West Indian migration has benefited from the decline of European immigrants and recorded its highest figure of 13,093 in 1969. The region however, still lags behind European countries which are the major source of immigrants to Canada. The explanation for such relatively low numbers of West Indian immigrants, according to Canadian officials is that, "Canada can best absorb only skilled immigrants and the West Indies are not in the position to supply Canada with large numbers of such persons. Second, it was pointed out that it would be wrong for Canada to rob the area of its skilled workers, as it would be detrimental to the developmental process".[176]

Regarding the first argument, the immigration regulations emphasizing skill seem clear-cut on the surface. However, in practice they are ambiguous in the sense that a great deal of discretionary power rests with the selection teams. The Immigration Department stipulates that an applicant must possess a professional qualification or skill, he must have a good basic education and command, to a high degree, the personal qualities necessary for successful migration. In the final analysis, therefore, admissibility depends on the judgment of the trained selection officer as related to their understanding of Canadian conditions.[177]

174 Ibid, p.143.

175 Immigration and Citizenship, Canada Year Book 1972, Statistics Canada, Ottawa, 1972, p.224.

176 Kari Levitt and McIntyre, p. 95.

177 Ibid, p.95.

Let us now examine the charge that the selection procedures discriminate against West Indian immigrants. The skill distribution of immigrants from ten European countries was selected and compared with that of the Commonwealth Caribbean immigrants. Table 3.6 summarizes the findings. Briefly, according to the table, the Caribbean contributed more professional workers than any other country, except England. In the other sectors, the region's contribution was exceptionally higher than most of the other countries, and in some cases either contributed the highest or the second highest. As in the case of unskilled workers, in spite of all statements about present regulations, unskilled labourers from Greece and Italy, far exceeded the Caribbean, even though the total number of immigrants from the Caribbean was greater than both countries. According to Levitt and McIntyre, "in fact, it seems that procedures followed in Canadian Immigration practices result in the selection of the West Indian immigrants who are, as a group, more highly qualified than other immigrants. This distorted distribution of West Indian immigrants, in terms of skills, is we suggest, a direct result of Canadian immigration procedures as practiced to date. It is thus, of rather dubious validity for Canadian authorities to argue against freer West Indian immigration on the grounds that such immigration would rob the region of its skills".[178]

The two authors pointed out that, Canada can undoubtedly assist the Caribbean by eliminating all remaining administrative procedures which are discriminatory and by admitting more unskilled labour from the area. Canada should propose some suitable international agency to explore the feasibility of a general agreement to halt, or severely limit, market competition in

[178] Ibid, p.101.

TABLE 3.6

IMMIGRATION TO CANADA BY COUNTRY OF ORIGIN AND INTENDED OCCUPATION 1971

	AUSTRIA	BRITAIN	FRANCE	GERMANY	GREECE	ITALY	N. IRELAND	POLAND	PORTUGAL	SWITZERLAND	WEST INDIES
Managerial	9	396	96	63	29	47	37	2	40	28	193
Professionals	46	2,506	608	275	180	191	224	92	39	177	785
Clerical	17	1,647	191	149	127	91	227	32	94	154	1,720
Transportation Trades	2	98	3	12	72	27	6	7	51	2	48
Communication Trades		31		6	3	1	1	1	1		22
Commercial Sales Workers	12	280	46	41	41	29	18	13	57	15	262
Financial Sales Workers	1	71	9	7	1	2	2		2	2	55
Service and Recreation	39	768	285	168	548	230	43	92	330	226	1,087
Farmers	1	106	33	38	15	53	15	25	599	49	41
Loggers	1	3	4		2			1	4	5	
Fishers, Hunters, Trappers,		1		1	2	1			5		
Construction Trades	17	528	206	80	279	429	36	34	798	33	345
Manufacturing and Mechanical	73	1,429	235	331	826	889	65	182	1,114	119	1,655
Labourers	7	50	13	11	471	221	3	25	59	6	75
Mines	1	70	6	15	6	13	3	3	5		2
Total Workers	236	8,101	1,751	1,207	2,955	2,467	580	531	3,270	818	6,572
Non Workers											
Wives	56	2,408	486	374	835	1,451	88	239	2,175	90	910
Children	73	4,056	615	477	637	1,084	136	250	3,283	105	2,598
Others	42	886	114	217	342	788	26	112	429	11	763
Total Non-Workers	171	7,350	1,215	1,068	1,814	3,323	250	601	5,887	206	4,271
Total Immigration	407	15,451	2,966	2,275	4,769	5,790	830	1,132	9,157	1024	10,843

Source: Department of Citizenship and Immigration, Immigration Statistics, 1971.

attracting professional skills from lower income countries. This might prove the only alternative to less desirable measures likely to be proposed soon if the "brain drain" continues.[179]

Professor Duncan Fraser, expressed a similar view when he pointed out that, if Canada is seriously interested in assisting the Commonwealth Caribbean, if Canadians are sincere in their protestations of a partnership, then the doors must be opened wide and West Indians of all categories must be permitted to enter Canada as settlers. If Canada does not do this, then the claim of Canada as an interested and concerned party in the West Indies development is unrealistic and cannot be taken seriously.[180]

A further point worth mentioning is that, following the 1966 Ottawa Conference, "the experimental movement of seasonal farm labour to Canada... was reviewed and Canada indicated that if the experiment proved successful and there was a continued demand for outside labour in the future years, consideration would be given to broadening the programme.[181] Consequently, in 1967, 1,077 such workers came forward and in 1968 1,258. However, since this form of migration is purely a temporary work-seeking nature, it has made little contribution to solving the unemployment problem in the territories.

Capital Assistance

Capital assistance supports the creation, expansion and modernization of infrastructure, such as roads, ports, power facilities, communication facilities, schools and water systems. Most capital assistance is provided for specific projects. The borrower may be the government of the aided country, or an institution such as a university. Up to 1969, Canada stipulated

179 Ibid, p. 101.

180 Duncan Fraser, p. 19.

181 Levitt and McIntyre, p. 143.

that 80% of that allocation must be Canadian content. Since then, it has been lowered to 66 2/3%.

Table 3.7 gives a complete breakdown of bilateral allocations from the Canadian government to the Commonwealth Caribbean in the period 1958-1972. The table reveals that the external aid authorized by the Canadian government amounted to $153.490 million. Of the total contribution more than 50% was channelled in the form of loans to three of the four independent territories, (Jamaica, Guyana, Trinidad & Tobago) while in the Leeward and Windward Islands and Barbados, grants portion far exceeded the loan portion. The tables also indicates a steady rise in Canadian aid to the region. The largest disbursement took place during the period 1970, 1971 and 1972, when $24 million was contributed. With acquired experience of the area as a sphere of influence, the emphasis of Canadian aid has shifted from "Federal ships" and miscellaneous projects, to enduring institutions and projects, including the Development Bank, education curricula in such development related subjects as tourist industry, public administration and teachers training and exchange programmes to sustain these institutions.

The sectoral allocation of Canadian aid since 1958 shows that most of them have been concentrated in three sectors, transportation, education and water. Next in importance is assistance to natural resources development and agriculture. Finally, but to a lesser extent, assistance to the social sectors such as, housing, hospital and other miscellaneous projects. The allocation of aid to infrastructure sectors has been as follows; from 1958-1970, the allocation of aid to water system accounted for $15,669.798 million

TABLE 3.7

CANADIAN BILATERAL AID TO THE COMMONWEALTH CARIBBEAN 1958-1972

	1958 to 1960	1961 to 1965	1966	1967	1968	1969	1970	1971[1]	1972[2]	
T INDIES										
eration	257.1	7,092.7								7,349.8
nts	257.1	7,092.7								7.349.8
ns										
AICA	4.0	2,982.9	3,375.0	3,500.0	4,000.0	5,350.0	5,250.0			24,461.9
nts	4.0	607.9	500.0	500.0	1,000.0	1,850.0	1,750.0			6,211.9
ns		2,375.0	2,875.0	3,000.0	3,000.0	3,500.0	3,500.0			18,250.0
NIDAD & TOBAGO		3,585.4	2,890.0	3,600.0	4,000.0	5,250.0	5,250.0			24,575.4
nts		585.4	500.0	600.0	1,000.0	1,750.0	1,750.0			6,185.4
ns		3,000.0	2,390.0	3,000.0	3,000.0	3,500.0	3,500.0			18,390.0
ANA		1,126.9	1,000.0	2,205.0	3,200.0	4,500.0	4,500.0			16,531.9
nts		1,126.9	1,000.0	2,205.0	1,200.0	2,000.0	2,000.0			8,531.9
ns				1,000.0	2,000.0	2,500.0	2,500.0			8,000.0
TISH HONDURAS BADOS, TLE SEVEN		3,131.0	2,500.0	3,880.0	5,050.0	6,010.0	8,000.0			28,571.0
nts		3,131.0	2,500.0	3,630.0	5,050.0	6,010.0	7,000.0			27,321.0
ns				250.0			1,000.0			1,250.0
VERSITY OF WEST INDIES				1,000.0	1,000.0	1,000.0	1,000.0			4,000.0
nts				1,000.0	1,000.0	1,000.0	1,000.0			4,000.0
al Allocations	261.1	17,918.9	9,765.0	14,185.0	17,250.0	22,110.0	24,000.0	24,000.0	24,000.0	153,490.0

1 and 2 material was not available detailing the breakdown in terms of grants and loans

Source: Foreign Policy Review, Canadian Policies in the Field of International Development 1969
CIDA Annual Review 1970-1971

of the total sectoral credits authorized. In 1969 and 1970, that sector experienced its highest total which amounted to $11 million. The transportation sector has been the most privileged sector in the allocation of Canadian aid during that same period, maintaining its considerable importance with over $22.5 million in the period 1958-1970, and showing no fluctuation. Education, because of the crucial importance of that sector for development has been promising. Of the total funds authorized in the period 1958-1970, that sector's allocation was over $11.5 million. In 1969, and 1970, that sector experienced its highest total when over $6 million was allocated.

As for the main trend of assistance to natural resources development, there was an upturn in the contribution to that sector which accounted for a mere $340 thousand between 1964-1965 and 1968-1969, but in 1969-1970 total assistance increased to $5,998. million. The agricultural sector has not been getting specific attention. During the period 1958-1970 a total of only $3.5 million has been contributed. With the establishment of the Caribbean Development Bank in 1969, Canada pledged $2.5 million for an Agricultural Development Fund. Most important in the miscellaneous sector are government departments (fire fighting, public works, radio) and hospitals followed by housing and fishing industry. The funds assigned to government departments $1.488 millio, the hospital sector $1.186 million and finally that of fishing industry $528 thousand. For more information see Table 3.8 which gives the breakdown of bilateral disbursement 1958-1970 by field of economic activity. For further information see Appendix 2 which further breaks down the economic activity in terms of country and

TABLE 3.8

CANADIAN ASSISTANCE PROGRAMS: BREAKDOWN OF BILATERAL DISBURSEMENT BY FIELD OF ECONOMIC ACTIVITY 1958-1970 (JAMAICA, GUYANA AND TRINIDAD AND TOBAGO)

	West Indies Federation 1958-1959 to 1961-1962	Post-Federation Period 1962-1963 to 1963-1964	1964-1965 to 1968-1969	1969 to 1970	TOTAL
Transportation	7,158,500.76	100,000.00	2,939,357.35	5,065,000.00	15,262,858.11
Education	725,925.60	1,339,740.03	211,080.57	3,920,000.00	6,196,750.20
Water Sector	417,384.93		150,414.04	6,470,000.00	7,037,698.97
Energy Sector			650,000.00	1,266,000.00	1,916,000.00
Natural Resources			340,000.00	5,998,000.00	6,338,000.00
Agriculture			900,000.00	1,710,000.00	2,610,000.00
Miscellaneous	44,717.34	92,830.70	277,203.14	4,974,000.00	5,388,751.11

LEEWARD, WINDWARD ISLANDS, BARBADOS AND BRITISH HONDURAS

	1965-1966 to 1966-1967	1967-1968 to 1968-1969 to 1969-1970	TOTAL
Transportation	1,034,852.00	5,917,000.00	6,951,852.00
Education	2,720,148.26	2,800,000.00	5,520,048.26
Water Sector	1,050,000.00	7,582,000.00	8,632,000.00
Agriculture	250,000.00	728,980.33	978,980.33
Energy Sector			
Natural Resources			
Miscellaneous	322,997.15	610,000.00	942,997.15

Source: Standing Senate Committee on Foreign Affairs, Respecting the Caribbean Area, No.1, 1969, and No.5 1969, - Canadian International Development Agency: Commonwealth Caribbean Assistance Program, 1969-1970.

projects for the same period.

It is interesting to examine the allocation of resources by country. Table 3.7 shows the total value of aid authorized by country, in absolute and relative terms between 1958-1970. Thus, the Leeward and Windward Islands, Barbados and British Honduras, with the lowest per capita income received by far the largest proportion of aid allocated which amounted to over $28.5 million. Of that total, over 95% was in the form of grants and the remaining 5% in the form of loan. Trinidad and Jamaica with the highest per capita income received $24.49 and $24.35 million respectively. Of that total, the loans portion was 75% and the remainder 25% was in the form of grants. Finally, Guyana received $16.5 million and the distribution between grants and loans was equal. On a per capita basis, the Leeward and Windward Islands, Barbados and British Honduras, received $7.33 in the fiscal year of 1969/70, one of the highest rates provided any recipient country in the world. This distribution pattern also refers to the wider Caribbean (see Table 3.9 for more details).

Technical Assistance

The provision here is for teachers, advisors and experts to serve in many capacities in various educational and governmental projects. It also provides for the granting of scholarships to West Indians for graduate studies in many fields in Canada. The aim of the exchange is to provide the know-how for more effective resource development,modernization of all sectors of the economy, and training in managerial and professional skills.

Deeply involved in such projects are organizations such as Canadian University Service Overseas (CUSO) and Canadian Executive Service Overseas (CESO). Both these organizations specialize in the placement in underdeveloped

TABLE 3.9

COMPARISON OF PER CAPITA RECEIPTS OF CANADIAN BILATERAL AID TO THE COMMONWEALTH CARIBBEAN: 1969/1970

	Population in Thousand	G.N.P. Per Capita ($ U.S.)	Per Capita Receipts ($ U.S.)
Jamaica	1,839	460	1.35
Trinidad & Tobago	995	630	1.00
Guyana	662	300	3.00
Leeward & Windward Islands, Barbados & British Honduras	834	275	7.33

Source: CIDA Annual Review 1970 - 1971.
Foreign Policy Review, Canadian Policies in the Field of International Development Assistance, 1969.

countries of qualified personnel in an advisory, administrative and educational capacity for limited periods of time, the object being to set up, modify, update and train people to run necessary institutions. In short, to guide the "developmental" process from within.

Technical assistance accounted for approximately 2% of total Canadian bilateral aid committed in fiscal year 1958-59 to 1961/62. However, the introduction of an expanded aid programme in the 1964-1965 fiscal year made possible a substantially increased technical assistance programme for the Commonwealth Caribbean. During that same period to 1968-1969, a total of $4.35 million was allocated to Jamaica, and for the fiscal year 1969-1970, a total of $1.05 million. Disbursement for Trinidad for the same period was $4.35 million, and for the fiscal year 1969-1970, $855,000 thousand. In the Leeward and Windward Islands and Barbados, "technical assistance has been an expanding component of the Canadian aid programmes. In 1966-1967 fiscal year, total disbursement for technical assistance amounted to $1.2 million, compared to a total for the previous three years of $1.5 million. In 1967-1968 a total of $1.4 million was disbursed for technical assistance, a level maintained in 1968-1969.[182] In 1969-1970, a total of $1.6 million was disbursed.

In addition to funds, the many programmes of Canadian International Development Agency (CIDA) have brought a flood of Canadian "experts" into advisory and administrative positions in agricultural programmes, community development, development projects of all kinds and finally, in the military and police training. The result has been a strong Canadian penetration in the political, social and economic life of the Commonwealth Caribbean.

182 Ibid, p.1-32.

In 1971, the number of personnel exchanged under the Commonwealth Caribbean Technical Assistance Programme, amounted to twenty-nine Canadian advisers and one hundred educators to the territories, three hundred and fifty nine students and trainees in Canada. For breakdown of personnel exchanged for the fiscal year 1970 and 1971, see Table 3.10. Finally, despite these attractive figures in capital and technical assistance, the use of most of the aid received by the Commonwealth Caribbean is currently restricted to payment for imports from Canada. Thus Canada has used aid-tying as an instrument of expanding its export trade. This policy tends to reduce the real value of a fixed amount of aid because project costs are usually greater than they would be in free competition. According to the Canadian rule, purchases of specific materials must come from the donor country, even if sources elsewhere are cheaper.

The Consequences of Aid-Tying

The Pearson Report, published in 1969, argued that, "of all of the limitations on the flexibility of aid, the tying of aid to purchases in the aid-giving country is the most serious. Such tying has spread in a contagious fashion .... and untied aid is now the exception rather than the rule. The stringency of tying has been greatly increased by the narrow limits of the goods or projects on which aid must be spent. These have often been specifically designed to ensure that goods bought with aid are "additional" to normal imports from the donor. Aid-tying imposes many different costs on aid-receiving countries. It requires them to purchase goods from donors at prices often substantially above those in competitive world markets".[183]

183 Pearson Report, p. 172.

TABLE 3.10

CANADIAN TECHNICAL ASSISTANCE PROGRAMS
JANUARY 1970 TO JANUARY 1971

	Advisors		Educators		Students & Trainees	
	1970	1971	1970	1971	1970	1971
Antigua	–	–	6	4	17	23
Bahamas	–	–	–	–	–	–
Barbados	3	2	2	2	30	31
Belize	3	1	–	–	29	25
Bermuda	–	–	–	–	–	–
British Virgin Islands	–	–	–	–	–	–
Dominica	–	1	2	2	11	12
Grenada	1	1	4	5	16	19
Guyana	4	5	6	5	51	62
Jamaica	10	15	25	33	48	55
Monsterrat	–	–	2	2	7	9
St. Kitts	–	–	3	4	8	9
St. Lucia	–	1	5	9	10	16
St. Vincent	–	–	5	7	30	22
Trinidad & Tobago	3	2	17	10	33	48
University of the West Indies	–	–	13	17	25	28
Others	–	–	–	–	–	–
Total	24	28	90	100	315	359

Source: CIDA Annual Review 1970 – 1971

The growth of tying aid is often closely linked to the use of aid for the purpose of export promotion in increasingly competitive markets, or for preserving export market from erosion because of tying by others. But the principal objective for certain donors has been to protect their balance of payments. The general existence of tied aid procedures causes significant difficulties for recipient countries and constitutes a sizable reduction in the aid component of external financing received by the Commonwealth Caribbean countries. Aid which is tied imposes extra cost to the recipient, often prevents him from procuring the exact resources that he needs and can even divert his economy from the most promising lines of economic development.

The most compelling circumstances in the increasing trend toward countries tying of aid is the balance-of-payment problem of the U.S, the largest donor, which has led to the application of this practice in its development assistance since 1959. Other principal donors have shown no disposition to move toward an untying of aid so long as there is little chance that aid funds made available bilaterally by the U.S. will be spent outside of this country. In this they assert they are protecting their balance of payment, helping export industries and finally contributing to domestic employment. According to the Honourable J.M. Macdonnell in 1961, "Canada's aid is not represented by barrels of dollars shipped abroad, but by Canadian goods and services".[184] The Canadian Secretary of State for External Affairs on November 14th, 1963, explained it more clearly by saying, "our aid programmes are catered to provide a stimulus to the domestic economy

[184] House of Commons Debate, September 11, 1961, p.8187.

and contribute to a betterment of employment conditions, since the main part of our funds is spent in Canada to purchase Canadian goods and services".[185]

The conditions governing Canadian aid to the Commonwealth Caribbean is provided for the purchase of materials, goods, equipment, machinery and the services of consulting firms for projects having a Canadian content of 66 2/3% and require the costs of the project to be met by the region. As the result of the specified Canadian content, a large number of Canadian suppliers and engineering firms participate in these projects, thereby eliminating local participation on a more wider scale. According to the Report of the Senate Committee, "undoubtedly the tying of Canadian aid has substantially reduced the effective impact of the resources involved. It requires increased delays and administrative expenditure at both donor and recipient ends; results in a distortion of development priorities in project-design and selection and sometimes involves the purchasing of inferior and/or over-priced goods and services".[186]

Another controversial condition by donor countries is the stipulation that "aid be used to finance only the foreign-exchange cost of development projects, with all local costs being the responsibility of the recipient government. This often had the effect of putting worthwhile projects beyond the means of recipient countries".[187] As the result of this stipulation, Caribbean leaders sought changes in this aspect of the aid.

185 House of Commons Debate, November 14, 1963, p. 4718.

186 Report of the Senate Committee on Foreign Affairs, 1969, p.29.

187 Ibid, p.29.

Canada responsed by allowing up to 25% of Canadian contribution to a development project to finance local costs, and under special circumstances for such items as local labour and materials.

Despite this concession "the local cost requirements imposes a severe limitation on the capacity of several of the Commonwealth Caribbean governments to absorb and effectively utilize development assistance. One reason is that the requirement fails to account for "indirect foreign exchange costs," (that is, the cost of imported materials which are used in the provision of support services, e.g. gasoline, vehicles and spare parts, lumber and building tools, etc.) These added costs can be substantial for countries with narrow industrial and resource bases. The other main problem results from the inclusion of the shipping costs of aid materials as a local cost. Since much of the material received by these countries is bulky, the shipping expense alone can sometimes take up a larger part of the 25% margin".[188]

To illustrate the characteristics and relative magnitude of tied aid and financing for economic development, I will briefly outline eight case studies. Each case corresponds to loans granted by the Canadian government through Canadian International Development Agency. The purpose of this brief outline is to identify, and specify the amount of each loan, and the effect of conditioning such loan upon certain special goods and services of aid-tying.

1. In 1970, a $8,000.00 loan to the Jamaica Telephone Company Limited in Kingston, by the Federal Export Development Corporation.

[188] Ibid, p. 29-30.

The loan covered the cost of purchasing switching equipment and related services from Canada. Northern Electric Company Limited of Montreal supplied the equipment and services including training and personnel. Repayment of the loan is to be made over 10 years after two year's grace.

2. In 1969, a $300,000 loan to Jamaica, to finance the purchase of Canadian materials to be incorporated in the construction of six bridges. The loan was provided to the Jamaican government for a 50 year term with no interest charge and an initial 10 year period of grace on principal repayment.

3. In 1968, a $2,500.000 loan to Trinidad and Tobago for the purchase of Canadian materials which included the hiring of consultants for the programme of rural electrification. A second loan of $500,000 interest free to the same government, to acquire 3,000 head of Holstein Freiesian dairy cattle for its dairy industry development.

In 1970, another loan of $345,000 to Trinidad and Tobago, to pay for the services of M.M. Dillion Ltd of London, Ontario for surveying the country's natural resources.

4. In 1970, a $3.1 million loan to Guyana to finance Canadian air surveyors for the intensive mapping of the country's unexplored interior region.

In 1970, a $2.4 million to Guyana's government for the purchase of two new De Havill and Caribou aircrafts, spares and ground handling equipment.

5. In 1969, a $2.8 million grant to the following Islands (Barbados-3, Grenada-3, St. Lucia-3, Dominica-3, St. Vincent-3, Antigua-2, St. Kitts-2, Monsterrat-1) to purchase Canadian equipment and services in the construction of twenty prefab primary schools.
6. In 1969, a $1.8 million grant to Monsterrat for distribution systems. Canada will provide materials and installation of the systems. The programme was prepared by Keith Consultants of Regina.
7. In 1969, a grant of $2.3 million to St. Lucia to purchase Canadian equipment, advisers, services and construction company (Seroc Ltee of Sherbrooke) for the expansion of Beane Field airport. The design was undertaken by the Department of Transport.
8. In 1969, a grant of $1.4 million to Antigua was awarded to Dunanceau Stee of Montreal for the expansion of Collidge Field runway airport. Design for the extension was undertaken by the Department of Transport.

The story of Canadian assistance to the Commonwealth Caribbean is an endless one. All "aid" so far has made provisions for Canadian content. However, this provision is not peculiar to Canadian aid alone. The United States aid programmes, which typically are extended in the form of credits for imports from the United States (90% of U.S. aid are tied) transported in U.S. ships, are geared to the promotion of American exports of multinational corporations in particular. The question to pose is whether Canadian disbursements are primarily intended to "aid" the recipient or to "facilitate" the financing of Canadian exports (Subsidy for businessmen) to the region?

An article compiled by the Fraser Group of the University of British Columbia states that:

> "the general requirements to buy in Canada subject to Canadian content provisions,reduced the real value of the aid to recipients in two ways relative to what its value would be if it were untied. First, to the extent that Canadian prices are higher than world prices, Canadian aid commands smaller volumes of goods and services than it it were untied. Secondly, the dual constraint imposed on aid recipients reduces their range of choice in allocating aid funds. Moreover there is a substitution effect arising from differences in relative prices domestically, in Canada, and internationally. The limitation on choice together with this substitution effect may distort demand away from the pattern of aid purchases, that would be preferable if allocations were governed solely by development criterion. In essence, we determine what form development in the Third World should take. Willy-nilly, aware or unaware (our government) serves as the advance guard for voracious private pillaging of the Third World . We are thus revealed the noveau neo-colonialists of the Western World following in the footsteps of our illustrious teachers, France, Britain and the United States".[189]

Canadian aid programmes raise certain questions which worry West Indian leaders. Apart from arguing that tied aid leads to inflexibility, inefficient use of resources and distortion of development plans, restriction on freedom of choice and inability to buy in the cheapest market, these leaders point

189
Canada and the Third World: "How We Learned to Screw the Developing Countries and Love it too", compiled by U.B.C. Fraser Group reprinted by Readings in Development, ed Robt D.H. Sallery, Mary L. McDonald, Paul G. Duchense, Vol. 3, 1972, p.56.

out frustrations are caused by "Canadian supervision and the tying of aid to a Canadian content to make it politically palatable in Canada, which allegedly makes it more advantageous to the donor than the recipient. There is concern lest aid should lead to interference or paternalism, and a conviction that West Indians, not Canadians, know best what is needed".[190]

The Relationship Between Canadian Government Assistance to Private Investment in the Region

The Commonwealth Caribbean has been and is now considered an important area for profit-making by Canadian investors. According to the Standing Committee on Foreign Affairs Respecting Canadian West Indian Relations, "Canadian investment forms one of the oldest links with the Caribbean area. The flow of capital has been very considerable and has undoubtedly contributed a great deal to the aggregate output of the local economies".[191]

Traditionally, Canadian investments in the region have been located primarily in the fields of banking and insurance. At the turn of the century, Canadian investors soon branched out in bauxite-alumina production utilities, real estate, tourism and secondary manufacturing. This investment is heavily concentrated in Jamaica and until recently in Guyana, by far the largest share going into bauxite. However, since the early 1960's Canadian investment has also been increasing in Trinidad and Tobago, Barbados and the Leeward and Windward Islands. By 1967, the book value of Canadian investment had reached a total of $600 million in the Commonwealth Caribbean. It is interesting to see how the $600 million of Canadian investment was

190 Richard A. Preston, Caribbean Defence and Security: A Study of the Implications of Canada's "Special Relationship" with the Commonwealth West Indies, The South Atlantic Quarterly, p.327.

191 Report of the Standing Committee on Foreign Affairs Respecting Canadian West Indian Relations, 1969, p.35.

distributed in 1967.[192] More than 50% is concentrated in the bauxite industry. About 25% in the field of banking, insurance, hotels and real estate and manufacturing, approximately 15% in public utilities, such as electric power and transportation, and the remainder of 10% divided among trade, agriculture and other activities.

The above figures leave no doubt as to the relative importance of Canadian capital in bauxite industry. The Aluminium Company of Canada in 1967 estimated its investment in Jamaica to be worth $179 million, with a planned future expansion of $37 million in the near future. In Guyana before nationalization in 1970, Alcan's investment was approximately $121 million. Besides mining facilities, alumina plants and rented port installations, Alcan Jamaica Limited, is engaged in an "extensive agricultural and re-afforestation programme on its 48,000 acres of property. The company's activities include raising of beef cattle, pasture improvement, citrus production and timber planting. The company leases out 20,000 acres at low rent to about 4,300 farmers".[193]

192
Breakdown in Canadian investment as follows:
$310 million in bauxite - alumina (Jamaica and Guyana)
$100 million in mortgages, government securities loans and other assets held by banking and insurance companies.
$20 million in electric and other utilities.
$10 million in cultivation and manufacture of sugar and citrus products.
$5-10 million in secondary manufacturing.
$100 million in hotels and various enterprises. Canada-West Indies Economic Relations, McGill University, Montreal 1967, p.24.

193
Proceedings of the Standing Senate Committee on Foreign Affairs, 1969, p.3-10.

Canadian interest in the banking business is overwhelming in the Commonwealth Caribbean. Canada has shown interest in this field since 1889, when the Bank of Nova Scotia opened its first branch outside of Nova Scotia and Canada in Jamaica. Since then, other Canadian banks have grown to the point of having two hundred and eleven branches and doing more than half of the region's business. Table 3.11 gives a breakdown of the total number of banks in the region. The economic implications of these large number of Canadian branches in the region are significant because as long as these institutions are controlled from abroad and export their earnings, they do not really contribute to sound economic development of the region as a whole. There is no doubt that the banks encourage "exploitation of resources by foreign investors rather than the development of a native entrepreneurial class, and also counsel investors to extract superprofits to compensate for the risk. The Canadian banks have worked closely with island governments in attracting North American investment through tax incentives and condoning profit repartriation, leaving no money in the islands economy except inside the minister's pockets".[194]

The principal criticisms which may be levelled against the banks is that they leak investment funds from the region by methods of profit transfer and do not grant credit in accordance with the national priorities. They reduce government control on the economy and contribute to social inequity. Economic growth requires long term investment in hardware and fixed capital and it would seem logical to expect that this should be one of the functions of a banking system to provide for such investments.

[194] The Caribbean, The People Rebel Against Canadian Control, The Last Post, Vol. 1, No.31, 1970, p.47.

TABLE 3.11

NUMBER OF CANADIAN BANKS IN THE COMMONWEALTH CARIBBEAN 1972

	Bank of Nova Scotia	Imperial Bank of Commerce	Royal Bank of Canada	Total
Antigua	1	1	1	3
Bahamas	12	7	31	50
Grenada	2	2	2	6
Trinidad & Tobago	23	7	15	45
Barbados	3	4	4	11
St. Lucia	2	1	2	5
Guyana	1	-	13	14
British Honduras	4	-	3	7
St. Vincent	-	1	1	2
Jamaica	40	14	12	66
Monsterrat	-	-	1	1
St. Kitts, Nevis - St. Christopher	-	-	1	1
Total	88	37	86	211

Source: Canada Year Book 1970-71, Dominion Bureau of Statistics Ottawa

Unfortunately, this has not been the case in the Commonwealth Caribbean. Commercial banks tend to typically supply short term capital, i.e. working capital for financing inventories. In the territories, this tendency is compounded by the fact that the Banks are foreign owned, and like all other foreign owned enterprises, tends to take foreign risks than they would in the metropolitan.

Another Canadian institution of great magnitude is life insurance. According to Levitt and McIntyre,about half of the twenty-four (1967) life insurance companies in the region are of Canadian origin. They receive some 70% of the business and potentially could be important factors in mobilizing domestic savings for long-term investment in the Caribbean.[195] Like the commercial banks, all policy and decisions are made overseas, and as a result, the insurance companies make minute or insignificant contribution to the economic development of the region.

In the manufacturing sector, one of the Caribbean's prime attraction to industry is that of a large and relatively cheap labour force. This has been admitted by many Canadian industrialists as one of the deciding factors in locating in the area. Low wages in themselves are not to be construed as negative. Economically, they are desirable if they are scaled to the standard of living and if the secondary benefits from such low wages accrue to the economy. This is decidedly not the case in the Caribbean. Added to the benefits of low wages are such things as "approved status" which carry benefits such as tax holidays as long as ten years and import tax exemptions. This amounts to the loss of a prime source of potential

[195] Kari Levitt and McIntyre, p.26.

national income in the form of wages, taxes and profits. In the actual manufacturing process itself there is a high preponderance of goods that are not usable in the area and for which most of the material must be imported, for example, hockey equipment, optics, whisky, christmas cards, flour and shoes. Foreign investments of this nature normally take the form of the importation of machinery and equipment by multinational corporations into the recipient country. Consequently, foreign capital retain entire control of the subsidiary or firm established.

The bulk of Canadian investment in manufacturing is located in Jamaica. The firms of particular concern are the following:- Distillers Corporation-Seagrams Limited, a substantial producer of rum for bulk exports; Shirriffs (Jamaica) Ltd, which manufactures jelly powder and packs tea; Bata Shoe Company of Canada Ltd, Colgate Palmolive (Jamaica) Ltd; Brandram-Handerson (West Indies) Ltd, a subsidiary of C.I.L., Winnwell Manufacturing Company, which makes work gloves, hockey gloves and baseball mitts for export to the United States; Waterman Leather Products; Trueform Industries Ltd, which manufactures ballpoint pens; Jamaica Fibre Glass Ltd, which manufactures office and school furniture and pleasure craft; Polycello Packaging Ltd; Univex (Jamaica) Ltd; which assembles electrical components; and Federated Plumbing, Heating and Ventilating Ltd.

Canada's manufacturing investment in Trinidad is less substantial. Canadian-controlled companies include Imperial Optical; Samton Metal (Caribbean) Ltd, which produces metal furniture, Caribbean Milling (Trinidad), which operates a split-pea mill; Jaymore (West Indies) Ltd, which manufactures neckties and undergarments. There is also a Canadian owned lime-juice plant, a cark and seal plant and a manufacturer of flavouring essences.[196]

In the field of electric and public utilities, Canadian interest is also significant. A Canadian concern holds a 40% share of Jamaica's Public Service Limited, which controls the electricity-generating activity on the island. Recently, Air Canada has gone into partnership with Air Jamaica taking 45% interest in the new company. In Barbados, the International Power Company, a Canadian incorporated public utility holding company, fully owns Barbados Light and Power Company Limited, which supplies all the electricity on the island. Canadian investments in the tourist industry are also substantial, especially in Barbados and the smaller states. Over 70% of tourism industry in the smaller islands are Canadian-owned. In Jamaica and Trinidad the industry is controlled by Americans, while the Canadian share is not altogether absent.

Paralleling the regional tourist industry, Canadian real estate developers have capitalized on the Caribbean's sun and sea by buying up almost every piece of beach land available and selling it to eager North Americans looking for a tropical paradise. The key institution in the new wave of foreign investment however, is the giant multinational corporation controlled from North America. Because of the vertical (corporate) rather than horizontal (regional) integration of these institutions, the local economy tends to lag behind or stagnate. On the other hand, sectors where these corporations are involved continue to grow.

Consequently, the gross effect has been a psychological underdevelopment on the part of both government and the population into believing that the

196 Ibid, p.26.

future development of the economy does not lie in their jurisdiction, but essentially with that of the multinational corporation. One obvious result of this psychological dependence is the failure of the society to develop dynamic and resourceful entrepreneurs who Sir Arthur Lewis argued, "would have learnt the job, built up their savings, and in one or two generations, go right in".[197] Instead, national businessmen have integrated into a dependent relationship with foreign industrial and financial capital, and consequently do not identify with the goals of the nation.

The consequence of the upsurge and pattern of Canadian investment in the region is a trend toward decaribbeanization of the economy and society. The Report of the Senate Committee observed this decaribbeanization by stating that "it is vital that Canadian investors recognize and accept the growing local interest in ownership of Caribbean resources and industry. It will be increasingly important for these companies to "Caribbeanize" their operations. They will also be required to meet growing demands that their activities be closely geared to the development of the Caribbean communities."[198]

The foregoing analysis was undertaken because, it is only against s such a background of overwhelming investment that Canadian aid to the Commonwealth Caribbean can be put in its proper perspective. The question now is, what then is the nature of aid programmes by which the Canadian Government hopes to establish their influence in the affairs of the Caribbean since the Tripartite Economic Survey and the Canada-Commonwealth Conference in Ottawa in 1966?

197 Arthur Lewis as quoted from Frank McDonald, p.139.

198 Report of the Senate Committee, p.40.

In the Eastern Caribbean, Canadian investment in basic infrastructure is quite noticable. This investment is the result of the Tripartite Economic Survey of 1966, which was conceived jointly by Britain, United States and Canada. The Survey in analyzing the islands so as to formulate a strategy for development, found that,

> "the islands are densely populated and the rate of increase of population is one of the highest in the world; land, capital and skills are short in supply, and the economies are all heavily export orientated and dominated by export agriculture. The prospects for expanding markets for the two main export products are poor. Neither can compete in the world market and the protected U.K. market is limited. The other traditional export crops taken as a whole appear to have limited prospects for expansion. All the islands are heavily dependent on imports of both capital and consumer goods".[199]

Given this situation, the Report continues, "growth industries must need little land to be able to attract capital and skills from abroad and be a major foreign exchange earner. The possibilities of developing manufacturing industries are limited, but they possess natural advantages for tourist development, with their climate beaches, scenery, and proximity to the North American market".[200]

Consequently, if the islands are to approach any level of self-sufficiency, the tourist industry must be developed as the leading growth sector. The Commission went on to conclude in a very faint note, that

[199] Tripartite Economic Survey, p.9.

[200] Ibid, p.9.

they "are not very optimistic about spontaneous growth prospects in the islands, with the possible exception of the tourist industry."[201]

As a result, the Commission went on to devise a programme totally tourist orientated for the development of the islands. The recommendations emphasized investment in basic infrastructure in the private sector, which would in particular pave the way for the well conceived tourist industry. The survey also stressed that development efforts on the islands must be integrated and recommended that a Regional Development Agency be established for this purpose. It was significant that the Tripartite Commission, neither included West Indian economists in such a vital examination nor sought to set up any kind of forum. As always, a tendency was to make an "expert" (which is invariably foreign) assessment of the problems of the region and to determine needs, set priorities and finally the decision on the volume and administration of the forthcoming assistance.

As it turned out, the Commission followed "a path which, whatever might have been the exigencies, highlighted the fragmentary approach to development which is diametrically oppossed even to current political thinking in the area, let alone to dispassionate economic and historical analysis. By adopting a naive concept of social and economic development it achieved a recategorization of traditional approaches which, as its cardinal rule, asserted the role of tourism and dismissed, with absolutely no empirical evidence, the prospects of industry and failed to come to grips with the problem of rationalizing agriculture".[202]

201 Ibid, p.20.

202 Havelock Brewster, p.27.

As a result of the foregoing report and the Canada-Commonwealth Caribbean Conference of 1966, a programme was developed concentrating "on investment in basic infrastructure (transportation, schools and water supply) to support the growth of income generating activities in the private sector, and particularly to prepare for a growing stream of tourists".[203] This is the basic rationale for CIDA's present concentration in the sectors of air transport, water resources and education, with lesser emphasis on agriculture.[204]

Since 1966, there has been a large increase in the Canadian aid received by these islands. Canada's intensified activities has however, " raised apprehensions outside official circles, about the nature of Canada's interest and motives. In some quarters, Canada has been accused of paternalism and neo-colonialism".[205]

Total Canadian aid to the islands from 1958 to 1971, has amounted to over $28 million. Since 1966, Canadian aid programmes have been committed for specific projects, namely transportation, education and water sector which accounted for an overwhelming portion to be specific, over 90%. Transportation alone accounted for over $7 million, education $6.6 million and water sector $6.5 million. The balance is distributed along miscellaneous projects such as housing, hospital equipment and finally, to the agricultural sector. See Table 3.12 for sectoral allocation of Canadian Bilateral Disbursement 1958-1970, and Appendix 3 further breaks down the sectoral allocation in terms of projects in each island.

203 CIDA Annual Review 1970-71, p.20.

204 Report of the Senate Committee, No.1, 1969, p.1-32.

205 Ibid, p.25.

TABLE 3.12

LEEWARD AND WINDWARD ISLANDS, SECTORAL ALLOCATION OF CANADIAN BILATERAL AID 1958 to 1970

	1958/59 to 1961/62	1963-1964	1965/66 to 1966/67	1967-1968	1966-1967	1967/68 to 1969/70	TOTAL
ransportation	1,290,000.00	100,000.00	422,852.00		22,000.00	5,312,000.00	7,146,852.00
ducation	29,499.91	1,339,740.03			2,640,000.00	2,800,000.00	6,809,239.94
ater Sector	417,384.93		900,000.00		250,000.00	4,982,000.00	6,549,384.93
griculture				78,980,03			78,980.03
iscellaneous	34,717.34		87,997.15		235,000.00	450,000.00	807,714.49

Source: Standing Senate Committee on Foreign Affairs, No.1, and No.5, 1969.
Canadian International Development Agency: Commonwealth Caribbean Assistance Program 1969/1970.

The table and the Appendix reveal that over 90% of assistance committed to the islands by Canada has been in the form of grants. Secondly, that total grant allocation have been mostly for public infrastructure, including transportation, water system, sewage, education and technical assistance projects. Appendix 3 also reveals that $200,000 grant was allocated for Regional Development Agency in 1969/1970 fiscal year. The table also reveals that the most heavily concentration of assistance to these islands, took place following the Tripartite Survey in 1966.

As the result of this massive concentration on tourism for the economic development, the islands have become increasingly dependent on tourism as a source of development. It has also become in recent years a factor of increasing significance to Canada's trade relations with the region. The tourist industry has created a high foreign demand of goods for everything ranging from apples to canned fruits to artificial snow and christmas trees. It has also become an important source of foreign exchange to the staggering economies and is considered as important as any export from the region. However, the development of tourist facilities, calls for an infusion of capital from investors. As the result of these investors being Canadians, naturally much of the trade resulting from these investments goes to Canadian investors.

The foreign ownership of the tourist industry has contributed very little to the economic development of the Commonwealth Caribbean. In the first place, profits are accrued primarily to the owners of hotels and other tourist affiliated businesses, and secondly, the profits do not remain in the territories, but are repatriated back to metropolitan countries.

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".[206] Profits in the form of transportation sector are limited since most of it are returned to North American investors. 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.[207]

In concentrating on the development of the infrastructure of the economy, the Canadian aid provides a "point of entry" for foreign firms, which are conducted either by the Canadians or the recipient government to undertake the feasibility studies and actual infrastructure operations.[208]

In Guyana, for the Canadian businessmen, "the development prospects will be largely dependent upon the extent to which the interior of the country can be developed".[209] Consequently, "CIDA has been assisting the development of the interior by preparing topographical maps. During 1970 approval was given for an aerial magnetic survey to indentify possible mineral deposits in two regions that have shown the greatest potential. A major civil aviation programme for the development of the interior was also provided by CIDA, as well as extensive communications and air navigation equipment and a team of advisers to assist in the overall programme".[210]

The impact of these external assistance programmes is significant not so much for their positive value, but for the negative effect they have

206 Frank McDonald p.140

207 Ibid, p.141.

208 CIDA Annual Review 1970-1971, p.36.

209 Ibid, p.19.

210 Ibid, p.20.

had on the Caribbean economies. Essentially, the result of most of the aid programmes in the past has been to make the need for more aid inevitable, that is, instead of assisting the Commonwealth Caribbean countries achieve greater economic development and independence, the aid programme has in effect increased Caribbean dependency upon Canada.[211] Aid seeking has also been narrowly insular and competitive between unit territories. Moreover, it has not been the Caribbean peoples who have chiefly benefited from the millions of dollars that Canada has poured into the region, but Canadian businessmen in the form of subsidies and investment assistance and the provision of the infrastructural prerequisite.

Besides assisting Canadian investors with a more sophisticated infrastructure, Canadian investment abroad has received incentive from the foreign investment insurance program of the Export Development Corporation. Through this programme CIDA provides the recipient country with a loan to acquire the services of a Canadian firm or contractor to undertake a feasibility study, or under "the starter study programme assistance of up to $2,500 can be offered for allowable expenses incurred by a firm in making initial investigations of an investment opportunity. If the starter study determines that investment conditions are favourable, CIDA provides for reimbursement of up to 50% of approved allowable cost of a full-scale feasibility study."[212]

The study is undertaken to eliminate fruitless investments. Consequently, most of the risk of investment in the Commonwealth Caribbean is eliminated. If after the study the project proves to be uneconomic, the report is made available

[211] Frank McDonald, p.141.

[212] Ibid, p.67.

to other potential Canadian investors through CIDA in cooperation with the Trade Commissioner Service of the Department of Industry, Trade and Commerce, the Division that keeps in touch with opportunities for investment in developing countries around the world. If the feasibility proves to be an investment potential CIDA provides the capital necessary to the recipient country. Provision is then made whereby, the recipient country is restricted to Canadian content for the implementation of the programme.

By so doing, Canadian foreign aid creates advantages for Canadian firms over local business. As the result of not making funds available to local firms which might compete with Canadian firms, CIDA and other alligned agencies provide Canadian companies with reliable information, that is not available to local firms and lastly, specifying that loan or grant contracts for construction, administration and supervision must be implemented by a Canadian firm with Canadian content, thereby eliminating small local firms from participating in specific projects of vital importance to the country.

As if the advantages were not sufficient, Canada further minimizes the risks factors by the use of the insurance facility available from the Canadian Export Development Corporation (formerly Export Credits Insurance Corporation). The Canadian scheme is similar to the investment guarantee programmes of the United States government, which insure the investor against losses arising from expropriation, war, revolution or insurrection. Canada's Export Development Corporation is for "the insurance of Canadian private investment in less-developed countries against broad non-commercial, risks of loss from expropriation or confiscation, war or revolution or the inability to repatriate capital or earnings".[213]

Fundamentally, the Export Development Corporation is development-orientated. Its primary function is clearly to promote Canadian investment. Since this programme was enacted more investment in the Commonwealth Caribbean has been covered by this form of insurance than in any other area. Specific clauses of the Export Development Corporation have larger implications, for example, in order to be eligible, "the programme is available to Canadian business and industry defined as individuals, proprietorships, partnerships and limited companies being Canadian citizens"[214] thus encouraging Canadian ownership and control of new investment.

Under another section of the programme in accord with its major goals of promoting Canadian expansion and corporate profits "the programme provides for the reimbursement of 50% of the approved allowable costs of a study with a maximum CIDA contribution of $25,000. This grant is available whether or not the applicant proceeds with an investment."[215]

Among the criteria governing the insurance scheme is the stipulation that, the investment "will either provide economic advantages to Canada or contribute to the economic growth and development of the country in which they are made".[216] Similarly, "the insurer also has a definite interest in the good corporate citizenship and good community relations of the investor insured".[217] Thus, aside from the economic effects which accrue to Canadian firms, Canadian aid also affects political decisions in the region.

213 Report of the Senate Committee of Foreign Affairs, p.31.

214 Eligibility of Canadian Business Pre-Investment Incentive Program; Pamphlet issued by the Information Division of the Communications Branch, CIDA, Ottawa Canada, 1971.

215 Ibid,

216 Report of the Senate Committee on Foreign Affairs, p.31.

217 IBID p.31

This is the result of sending advisers or "experts" to supervise, advise and in some cases, directly administer aid programmes from within ministeries. Through those advisers, Canadian interests acquire increasing control over policy formation and developmental processes. The aid programmes also have an impact upon the socialization and training of certain sectors of the masses in the region.

Recent Political Reaction in the Region

The 1966 Ottawa Conference promised greater collaboration, a better partnership, a clearer purpose between Canada and the Caribbean, and a better coherence in assistance aid in the latter's development. Yet we saw Canada's unilateral decision to suspend the sugar rebate left little room for West Indian satisfaction and comfort in the relationship. This dissatisfaction was revealed in the same year in another fashion. In one of the major territories Trinidad and Tobago during the "February Revolution" a wave of violent events and confrontation occurred in protest against existing economic, social and political conditions. These incidents were directed primarily at Canadian investments, in support of West Indian students involved in the Sir George Williams University affair. The protest almost led to the overthrow of that country's government and was followed by a national emergency, and consequently to the arrest of several nationals, including members of the armed forces and finally to Public Order Legislation.

The economic impact of that crisis is of immediate concern. The Trinidad and Tobago turmoil shattered the traditional complacency of political and economic power-structures in the region and produced in quick response a tremendous awakening to and anxieties over socio-economic problems. The environment became permeated with an accentuated urgency for economic reconstruction and a hasty scramble as it were, to find answers,and solutions to ailments of the society ensued.[218] In the wake of the turmoil, for example, in a broadcast apparently designed to answer Black Power demands for more economic independency, Prime Minister Eric Williams announced a number of measures which observers interpreted as a step toward placating the militant mood of the demonstrators. These measures included the Trinidad's government taking over the building of the Bank of London and Montreal and using it as the headquarters of the country's proposed National Bank of Trinidad and Tobago. The government also passed an admendment to the Alien Landholders Act, restricting transactions in local property by aliens without consent of the government. The government also announced plans for the creation of some 2,500 jobs through a Special Works Programme which was to be financed by a new 5% levy on all companies paying corporation tax and all banks and insurance companies.

Three months later, and despite the existence of a Five Year Development Plan which had already completed its first year of operation, a new plan for national reconstruction was initiated, followed by the publication of a revised People's Charter described as "Perspectives for the New Society". From various "other quarters and in other Caribbean territories came a plethora of proposals for political and economic reforms. Guyana's seven year Development Programme, having barely passed its half way mark of intended duration, came in for fundamental revision."[219] Concomitant with this drastic urgency for national reconstruction have been fundamental changes also in

218 Zin. Henry, "Caribbean Tide at Its Flood: Fortune or Misery?" Newstatements Vol. 1 No.2, 1971, p.46.

219 Ibid, p.46.

development strategies. The past year saw a significant trend that radically transferred some assets of the region from foreign to local and national ownership.

In Trinidad 51% share of the largest sugar producer on the island, Caroni Sugar Ltd, one of the two Radio Corporations television services external communications, water-front operations and commercial banking and insurances, all came under national control and ownership - some fully, other partially but with controlling interests. In Jamaica where Canadian investments are more conspicuous than in the other territories, was announced the establishment of the Royal Bank of Jamaica from the local branch of the Royal Bank of Canada.

The government of the one-year Old Republic of Guyana announced its decision to nationalize by negotiation the Demerara Bauxite Company, a wholly owned subsidiary of the Aluminum Company of Canada. Similarly, other Caribbean governments "with the same objective in mind of drastically reducing foreign economic domination in the region, have initiated action of one kind or another, particularly in the related fields of banking and insurance, with new financial institutions being established both regionally and territorially".[220]

In their "desperate search for a rapid transformation in the economic order with less foreign domination of the economic process, both Trinidad and Tobago and Guyana have launched massive campaigns for the promotion of cooperative business undertakings. The Government of Guyana has officially endorsed the cooperative form of business as the model upon which economic reconstruction of the new Republic is to be structured, while 1971 has been

220 Ibid, p.46.

designated "Cooperative Year" in Trinidad and Tobago and in both countries several new cooperative ventures have already been established. In the case of Trinidad and Tobago, there is the added dimension of a "People's Economic Sector" separate and apart from the traditional public or nationalised sector, which is to be created through the promotion of small business enterprises organised on individual, family, and partnership basis.

That these new dimensions to and the considerably accentuated drive upon economic reconstruction came about largely because of the recent escalation of black-power sentiments in the Caribbean region is hardly refutable. In several respects the phenomenon was indeed an ill-wind but not without its proverbial good for the crisis which it precipitated had an instant impact which may properly be described as dramatic. It brought the former British Caribbean territories, at least some of them, into their 'full flow' as Friedrich Engles in his correspondence with Karl Marx once described Germany in the late nineteenth century; or to apply the more striking and well known Shakespearean metaphor, it hastened the Caribbean tide to its flood.[221]

[221] Ibid, p.46.

SUMMARY AND CONCLUSION

In the foregoing chapters we noted that while dependency has remained constant throughout the Commonwealth Caribbean's history, its form has changed drastically over a period of time. In the region, dependency has been closely linked to the export sector of the economy from gold to sugar and finally to bauxite, petroleum and bananas, but the change is in the shift of the dependency from Europe which controlled the sugar economy, to North America which controls the most important sector of the economy such as mining, manufacturing and tourist industry.

Recently, the region has witnessed a fairly high per capita income ranging from $200. U.S. to $600. U.S., and also a fairly rapid rate of growth in the mining, manufacturing, tourism and government service sectors. The apparently respectable rates of economic growth are largely illusory. Where the growth has occurred it frequently has been due to rapid expansion of foreign demand for primary exports, particularly in the bauxite and petroleum industry, and the lion's share of the benefits go to foreign interests. Similarly, in the tourist industry, profits accrue almost exclusively to the metropolis.

In the manufacturing sector, much of the industrialization in the Commonwealth Caribbean has been largely fortutious, in the sense that it has not been due primarily to the initiative of local entrepreneurs, but on the contrary, to foreign investment. The rapid expansion on the government "service" sectors however is largely a sponge which absorbs the excess population of rural areas and its "growth" in fact represents little increase in economic welfare. That is, expansion of this sector is a mere reflection of the rapid rate of growth of the population, increasing inability of the rural sector to provide employment, limited opportunities for the active agricultural labor force, and finally the pronounced internal migration from rural to urban areas.

The external direction of the economy maintains the Commonwealth Caribbean in technological and industrial backwardness. It creates a psychological atmosphere in which the export sector is regarded as the sole contributor to the national well-being, and as a result entitled to monopolize capital and technology and to determine political and economic policy.

These conditions highlighted the governments of the region embarking upon the development of regional and extra-regional links to help solve some of the problems. In fact, the new orientation is the desire to devise a foreign policy that will promote the general well-being of the population by opening markets capable of absorbing indigenous products by finding supplies at most advantageous terms, and by obtaining financial and technical support for economic development. It was the threat of Britain's entry into the European Economic Community under terms unfavourable to the Commonwealth which sparked off search for economic partners. Consequently, the Caribbean turned to Canada for such assistance.

Canadian aid is a bold attempt to establish a new political and economic relationship between Canada and the Commonwealth Caribbean countries. It is one of the most significant political and economic experiments and will certainly have a prominent place in the history of international relations, irrespective of its immediate outcome. For Canada, it is the most important development in its relations with the Commonwealth Caribbean since the 1925 Trade Agreement. Its implications go far beyond the solution of the immediate problem that led to the signing of the 1966 Canada-Commonwealth Caribbean Conference in Ottawa and the Tripartite Survey in the same year.

As we analyzed in the preceding chapters, Canadian aid programmes to the Commonwealth Caribbean consist of a wide assortment of assistance. Since 1958, the region has received approximately $150 million in the form of grants and loans, the bulk of which has been concentrated on the investment in basic infrastructure, transportation, education and water system, to support the tourist industry. Besides capital assistance, technical assistance is also provided. Under this provision, we observed Canadian experts are brought into advisory and administrative positions to implement projects undertaken through the capital assistance. It also makes provision for the training of West Indians in managerial personnel and skilled labor for local branch plants of the multinational corporations.

As our exercise pointed out, Canada, despite being a haven for immigrants from Europe and besides being a member of the Commonwealth, has not completely opened her arms to West Indian migrants. Where Canada has shown a willingness to admit West Indians, skill has always been emphasized which in turn has resulted in a very serious problem of "brain drain" from the West Indies.

To stimulate its own economy, Canada stipulates that 66 2/3% of all allocation must be Canadian content. The tied aid procedures here has significantly reduced the aid component of those credits, and therefore their effective contribution to development of the Caribbean countries. Although from the standpoint of Canada, the tied aid method has provided help to its exports, for the territories it is necessary to find ways of eliminating such tying. All in all, these diverse activities are undertaken primarily in Canada's interest. First, they provide freedom of access to raw materials for Canadian business. Second, they ensure that such economic development that does take place in the region, is firmly rooted in Canadian interests. Third, they obtain immediate economic gains for Canadian businessmen seeking trade and investment opportunities. Finally, we noted, development loans received by the territories increasingly shackle them with service and interest payments scheduled well into the future, prohibiting the present or future accumulation of investment capital for national development. "There is fear that within forty years, the burden of national debt incurred by the loans will become an intolerable proportion of national budgets and will lead either to neo-colonialism or to repudiation."[222]

Given these adverse effects of aid on the region, the question is, how can Canadian aid contribute to the sound economic development of the Commonwealth Caribbean? The Commonwealth Caribbean needs assistance in the development of key industries, stabilisation of currency and prices,

222 Richard A. Preston."A Study of the Implications of Canada's Special Relationship with the Commonwealth Caribbean", The South Atlantic Quarterly, Vol. LXX, No.3, Summer 1971, p.324.

expansion of economic ties, elimination of restrictions in international trade and better immigration policies. Given favourable conditions, this assistance can considerably step up the rate of development of the territories and thus accelerate the process of independence from foreign capital. Foreign aid can also substantially supplement the internal source of capital accumulation. However, it depends on the conditions upon which it is granted, the aims it pursues, whether it is genuine aid or merely an instrument for influence or control.

However, many West Indian academics have proposed a united front on the part of the region to alleviate its dependency. Foremost amongst them is William Demas, who points out that, "the Commonwealth Caribbean governments must ask themselves, what is the way forward? shall we continue to wait for manna falling from heaven, dispensed by a mysterious deity called "foreign capital" whom we have to placate on bended knees? or shall we actively seek our own salvation, regarding foreign direct investment as subsidiary and complementary to our own international efforts".[223]

Thus he proposed an appropriate development strategy, which would include machinery designed to ensure that the decisions of the large international corporations are harmonized with the national interests. According to Lloyd Best, "the primary planning task in both time and importance is to create a framework within which the Caribbean economy would be able to make effective decisions about development. In terms of action, this means a transformation of the character of the corporations

223 William Demas,"There must be an Attempt to Create Genuine National Economics in the 70's" Express, Port of Spain, July 5, 1970.

and a drastic revision of the terms of their participation. In this connection measures for nationalization or even expropriation cannot be arbitrarily ruled out."[224]

The foreign aid sector has also been given similar attention. It is argued that foreign aid must also be utilized in the efforts toward integration, which can only be done on the basis of some regional concept of development and regionally concerted decisions. According to Eric St. Cyr, "a regional programme of development including a clear order of priorities based on a long-term view of the future of the region must be drawn up. All foreign aid must fit this order. It must be unified, centralized and administered within the framework of the regional programme".[225] Eric Williams expresses a similar view by pointing out that "aid can serve to promote the objective of Commonwealth Caribbean economic integration, if such assistance is directed toward unifying the region and making it ultimately more independent economically. On the other hand, aid designed to protect metropolitan, political, diplomatic or commercial interests in the region will not only be a divisive factor but will serve to perpetuate the present pattern of dependence".[226]

224 William Demas, The Economics of Development in Small Countries, p. 137.

225 Eric St. Cyr, Foreign Aid to the Caribbean from the Angle of Integrative Efforts, Regionalism and the Commonwealth Caribbean Papers presented at the seminar on the Foreign Policies of Caribbean States, April-June 1968, Institute of International Relations, University of the West Indies, Trinidad, 1968, p. 137.

226 Eric Williams, p. 513.

Canada should reappraise and revise its aid policy in the region, increasing its aid for regional integration purposes even if this means sacrificing its aid to individual countries. The success of new aid policies would depend not only on the amount of integration-supporting aid, but on the commitment of continuing aid for the entire period of transition. Such aid must be administered by institutions in which the Commonwealth Caribbean would have a strong voice. Furthermore, official aid activities must be coordinated with the flow of international and private financial resources to the region, otherwise the efforts of one agency to aid integration might be offset by another's aid for strictly national development.

Indirect external aid would also be needed for the promotion of Commonwealth Caribbean trade with the rest of the world. Such assistance would require the advanced countries to eliminate the most onerous restrictions against exports of the region and to facilitate access of goods to the developed markets by granting trade preferences. Just as the European countries in a drive to regain their self-confidence clamoured for "trade not aid" after the first few years of the Marshall Plan, so now the region must emphasize more favourable trade conditions from Canada.

The establishment of the CARIFTA and of the Regional Secretariat on the one hand, and the creation of a Caribbean Development Bank and new Regional Common Services on the other hand, contain a certain degree of hope that the region can achieve progress in unity despite the failure of the colonial administration to introduce effective and lasting federal structures of government. Despite this progress, a new concept of development must be formulated. It should entail a structural transformation of the relationship with the metropolitan countries so as to enable the resources of the region to be put primarily to the service of its people.

In respect of this transformation should be the release of the region from the psychological dependence on the culture and "superiority" of the advanced countries, along with the blossoming in the population as a whole of self-confidence, self-reliance and independence in throught and action.

APPENDIX 1

GUYANA: GROSS DOMESTIC PRODUCT AT CURRENT FACTOR COST
BY SECTOR OF ECONOMIC ACTIVITY, 1966-1970

	Millions of Guyana Dollars					Percentage of Total					Annual Growth Rates				
	1966	1967	1968	1969	1970	1966	1967	1968	1969	1970	1966	1967	1968	1969	1970
Agriculture	63.5	69.3	70.5	79.0	82.0	18.3	18.3	17.1	17.7	17.2	7.3	9.1	1.7	12.1	3.8
Fishing and Forestry	15.6	14.5	15.3	15.9	16.8	4.5	3.8	3.7	3.6	3.5	20.0	7.1	5.5	3.9	5.7
Mining and quarrying	58.9	66.5	79.4	86.7	94.2	17.0	17.6	19.3	19.4	19.8	9.1	12.9	19.4	9.2	8.7
Manufacturing	42.4	46.7	49.7	53.0	55.2	12.2	12.3	12.1	11.9	11.6	0.8	10.1	6.4	6.6	4.2
Transport and Communications	23.7	24.6	25.9	27.6	28.7	6.8	6.5	6.3	6.2	6.0	11.2	3.7	5.3	6.6	4.0
Construction	21.8	25.3	30.0	35.4	41.6	6.3	6.7	7.3	7.9	8.7	27.4	16.0	18.6	18.0	17.5
Commerce	42.1	44.7	51.3	52.9	55.2	12.1	11.8	12.4	11.8	11.6	6.8	6.1	14.8	3.1	4.3
Ownership of dwellings) Financial and other services)	35.3	36.8	38.3	39.7	41.7	10.2	9.7	9.3	8.9	8.8	9.9	4.2	4.1	3.7	5.0
Government	43.7	50.1	51.9	56.8	60.3	12.6	13.2	12.6	12.7	12.7	8.7	14.6	3.6	9.4	6.2
Total	347.0	378.5	412.3	447.0	475.7	100.0	100.0	100.0	100.0	100.0	5.6	9.1	8.9	8.4	6.4

BARBADOS: GROSS DOMESTIC PRODUCT BY SECTOR OF ECONOMIC ACTIVITY, 1966-1970

	Millions of East Caribbean Dollars at Current Prices					Percentage of Total					Annual Growth Rates				
	1966	1967	1968	1969	1970	1966	1967	1968	1969	1970	1966	1967	1968	1969	1970
Agriculture	43.4	47.8	41.7	39.1	43.8	25.6	25.3	19.2	16.7	16.8	5.3	10.1	12.8	6.2	12.0
Sugar	32.0	35.1	28.6	25.0	28.4	18.9	18.6	13.2	10.7	10.9	1.6	9.7	18.5	12.6	13.6
Other Agricultural Commodities	11.4	12.7	13.1	14.1	15.4	6.7	6.7	6.0	6.0	5.9	15.2	11.4	3.1	7.6	9.2
Manufacturing and Mining	17.3	18.6	21.0	22.8	24.8	10.2	9.8	9.7	9.8	9.5	6.8	7.5	12.9	8.6	8.8
Construction	15.3	16.4	20.0	21.4	23.5	9.0	8.7	9.2	9.2	9.0	2.7	7.2	22.0	7.0	9.8
Distribution	37.3	39.2	50.0	54.4	58.2	22.0	20.7	23.1	23.3	22.3	4.8	5.1	27.6	8.8	7.0
Transport and Public Utilities	10.3	14.6	18.2	21.3	24.1	6.1	7.7	8.4	9.1	9.2	11.4	41.7	24.7	17.0	13.1
Ownership of dwellings	6.8	7.3	8.0	8.4	8.9	4.0	3.9	3.4	3.6	3.4	4.6	7.4	9.6	5.0	6.0
Services	17.9	19.5	27.8	31.7	36.4	10.6	10.3	12.8	13.6	12.8	5.3	8.9	42.6	14.0	14.8
Government	21.3	25.8	30.0	34.5	41.4	12.6	13.6	13.8	14.8	13.8	21.0	21.1	16.3	15.0	20.0
Total	196.6	189.2	216.7	233.6	261.1	100.0	100.0	100.0	100.0	100.0	7.2	11.6	14.5	7.8	11.8

JAMAICA: GROSS DOMESTIC PRODUCT AT CURRENT FACTOR COST, BY SECTOR OF ECONOMIC ACTIVITY

Sectors	Millions of Jamaica Dollars				Percentage of Total				Annual Growth Rates			
	1966	1968	1969	1970	1966	1968	1969	1970	1967	1968	1969	1970
griculture	75.1	77.5	74.7	75.1	11.6	10.3	9.0	8.2	3.6	0.5	3.6	0.5
ining and petroleum extraction and refining	62.0	72.4	95.9	126.1	9.6	9.6	11.6	13.8	4.8	11.4	32.5	31.5
onstruction	69.2	94.9	107.0	119.9	10.7	12.5	12.9	13.1	4.1	11.6	5.0	6.3
overnment	50.3	69.7	77.2	85.3	7.8	9.2	9.3	9.3	5.3	30.2	12.8	12.1
ransport and Communications	48.5	57.8	61.1	64.1	7.5	7.6	7.4	7.0	1.1	11.0	11.0	10.8
ommerce	91.2	102.3	112.5	122.6	14.1	13.5	13.6	13.4	9.9	8.6	5.7	12.9
anufacturing	99.2	115.3	121.1	128.7	15.4	15.3	14.6	14.1	3.2	8.7	10.0	9.0
lectricity, gas and water	9.0	10.0	11.1	12.3	1.4	1.3	1.3	1.3	10.5	7.0	10.6	7.8
inancial Institutions	29.5	35.0	38.7	41.7	4.6	4.6	4.7	4.7	1.8	1.8	9.2	10.8
wnership of Dwellings	21.9	22.8	24.9	27.6	3.4	3.0	3.0	3.0	20.7	15.0	10.8	10.5
thers	90.1	99.1	103.9	109.1	13.9	12.6	12.6	12.0	4.9	5.0	4.8	5.0
otal	646.0	756.9	828.2	912.5	100.0	100.0	100.0	100.0	6.1	10.4	9.4	10.2

TRINIDAD AND TOBAGO: GROSS DOMESTIC PRODUCT AT FACTOR COST

	Millions of Trinidad and Tobago Dollars at Current Prices					Percent age Share			Annual Growth Rates			
	1960	1967	1968	1969	1970	1960	1969	1970	1960 - 1967	1968	1969	1970
Agriculture and quarrying	108.4	111.6	127.0	126.9	128.5	12.5	8.0	7.7	0.4	13.8	- -	1.3
Mining and extraction and refining of petroleum	263.4	350.4	366.0	373.0	350.6	30.4	23.5	21.1	4.2	4.5	1.9	6.0
Manufacturing	108.2	218.6	260.0	293.0	313.8	12.5	18.5	18.9	10.6	18.9	12.7	7.1
Construction	40.6	53.2	65.0	63.5	73.5	4.7	4.0	4.4	3.9	22.2	2.3	15.1
Transport and distribution	149.6	240.8	273.0	277.5	304.8	17.2	17.5	18.3	7.0	13.4	1.6	9.8
Public Utilities	40.6	72.5	89.0	81.0	87.2	4.7	5.1	5.2	8,6	22.8	9.0	7.7
Government	82.5	149.6	162.0	173.0	188.2	9.5	10.9	11.3	8.9	8.3	6.8	8.8
Ownership of dwellings	16.8	53.7	55.5	58.7	60.5	1.9	3.7	3.6	18.0	3.4	5.8	3.1
Banking and finance	20.0	47.3	47.0	50.8	56.2	2.3	3.2	3.4	13.1	0.6	8.1	10.6
Other services	34.9	80.2	79.0	89.0	98.5	4.0	5.6	5.9	12.6	1.5	12.7	10.7
Total	865.0	1377.9	1523.5	1586.0	1661.8	100.0	100.0	100.0	6.9	10.6	4.1	4.8

LEEWARD AND WINDWARD ISLANDS G.D.P. BY SECTOR OF ECONOMIC ACTIVITY

	Millions of Caribbean Dollars					Percentage of Total		
	1962	1967	1968	1969	1970	1962	1967	1968
Export Agriculture	28.5	34.0)	55.7			18.9	16.6)	25.6
Other Agriculture	23.0	20.7)				15.2	10.1)	
Mining and Manufacturing	5.1	8.7	10.3			3.4	4.3	4.7
Construction	16.3	26.4	31.0			10.8	12.9	14.2
Distribution	21.9	28.5	31.0			14.5	13.9	14.2
Transport, storage and Communication	3.9	7.6	7.2			2.6	3.7	3.0
Services	12.9	24.1)				8.5	11.8)	
Ownership of Dwellings	12.7	15.9)	83.5			8.4	7.8)	38.3
Government	26.8	38.6)				17.7	18.9)	
Total	151.1	204.5	218.7	237*	260*	100.0	100.0	100.0

* ECLA Estimates

Source: Economic Survey of Latin America 1970, United Nations, New York, 1972.

APPENDIX 2

Note: All projects were financed by grant funds unless indentified as loan financing by an (L) preceding the name of the project.

CURRENT CAPITAL PROJECTS

JAMAICA

Transportation Sector

L	(1)	Material for five bridges	300,000
L	(2)	Transportation Survey	500,000
			800,000

Education Sector

L	(1)	Primary P-e-fab Schools	1,550,000

Water Sector

L	(1)	Harbour View Sewage System	825,000
L	(2)	Kingston-St. Andrew Sewage Study	180,000
L	(3)	Eastern St. Mary's Water System	1,200,000
L	(4)	Water Resource Development	1,250,000
L	(5)	Minor Rural Water Supplies	200,000
L	(6)	Port Antonio Water System	500,000
			4,155,000

Miscellaneous

L	(1)	UHF Radio Telephone	769,000
L	(2)	Public Works Equipment	670,000
L	(3)	Material for House Construction	575,000
L	(4)	Hospital Equipment	735,000
L	(5)	Jamaica Development Bank	1,300,000
			4,049,000

TRINIDAD & TOBAGO

Natural Resources Development

L	(1)	Aerial Survey	1,500,000
L	(2)	Feasibility Studies	548,000
L	(3)	Fisheries Equipment	250,000
			2,298,000

TRINIDAD & TOBAGO (Cont'd)

Energy Sector

L	(1)	Rural Electrification	1,266,000

Agriculture

L	(1)	Dairy Development	1,710,000

Miscellaneous

L	(1)	Lumber for Low Cost Housing	400,000
L	(2)	Factory Shells for Industry	800,000
L	(3)	Hospital Equipment	486,000
			1,686,000

GUYANA

Transportation Sector

G	(1)	Aviation Communication Equipment	165,000
G	(2)	Highway Feasibility Studies and Design	300,000
L	(3)	Aircraft for Guyana Airways Corporation	2,400,000
G	(4)	Hangar and Equipment for Guyana Airways Corporation	400,000
G	(5)	Equipment for Department of Civil Aviation	1,000,000
			4,265,000

Education Sector

G	(1)	New Amsterdam Technical Institute	1,170,000
G	(2)	University of Guyana	1,200,000
			2,370,000

Natural Resource Development

L	(1)	Aerial Survey and Mapping	3,100,000
L	(2)	Aerial Mining Resource Survey	600,000
			3,700,000

Water Sector

G	(1)	Water Distribution System for Mackenzie, Wisman and Christianburg	2,315,000

GUYANA (Cont'd)

Miscellaneous

G	(1)	New Armsterdam Fish Plant	239,000

BARBADOS

Agriculture

L	(1)	Dairy Development	250,000
G	(2)	Animal Feed Study	650,000
			900,000

Water Sector

L	(1)	Material and Equipment for Water Distribution System	2,600,000

Miscellaneous

G	(1)	Map Compilation for Taxation	160,000

BRITISH HONDURAS

L	Transportation	605,000

LEEWARD & WINDWARD ISLANDS

Tripartite Survey Programme Beginning 1967/68 to 1969/70

Transportation Sector (Airfields)

G	(1)	Beane Field Runway Extension - St. Lucia	2,382,000
G	(2)	Air Terminal Building - St. Lucia	50,000
G	(3)	Coolidge Field Runway Extension - Antigua	1,460,000
G	(4)	Runway Rehabilitation - Dominica	1,000,000
G	(5)	Feasibility Survey of Sites - Dominica	200,000
G	(6)	Newcastle Field Runway Surfacing - Nevis	220,000
			5,312,000

LEEWARD AND WINDWARD ISLANDS (Cont'd)

Education Sector			
G	(1)	Twenty Pre-fab Primary Schools	2,800,000
Water Sector			
G	(1)	Distribution System - Dominica	347,000
G	(2)	Distribution System - St. Lucia	1,250,000
G	(3)	Support for Central Water Authority - St. Lucia	15,000
G	(4)	Distribution System - Monsterrat	1,810,000
G	(5)	Storage Reservoir - Antigua	260,000
G	(6)	Well-Drilling Rigand Operator - St. Kitts	100,000
G	(7)	Resource Survey and Distribution Survey - St. Vincent	425,000
G	(8)	Distribution System - Grenada	775,000
			4,982,000
Miscellaneous			
G	(1)	Regional Development Agency	200,000
G	(2)	Vieux Fort Resource Survey - St. Lucia	250,000
			450,000
UNIVERSITY OF THE WEST INDIES			
G	(1)	Student Residence, Six Islands and Faculty Club	1,731,000
G	(2)	Library at Mona Campus	800,000
			2,531,000
REGIONAL			
Caribbean Development Fund			10,000,000
Special Development			5,000,000
Agricultural Fund			2,500,000
			17,500,000

Source: CIDA: Commonwealth Caribbean Assistance Program 1969/70 Proceedings of the Standing Senate Commiteee on Foreign Affairs, Respecting the Caribbean Area, No.1, November 4, 1969, No.5, March 18, 1969.

APPENDIX 3

Sectoral Allocation in Terms of Projects in the Leeward and Windward Islands 1958 to 1970

Note: All projects were financed by grant funds unless identified as loan financing by an (L) preceding the name of the project.

COMPLETED CAPITAL PROJECTS

WEST INDIES FEDERATION 1958/59 to 1961/62

Transportation Sector	
(1) St. Vincent Dock	$1,005,364.01
(2) Dock and Habour Equipment for Various Islands	285,044.44
	1,290,408.45
Education Sector	
(1) Vocational School Equipment - St. Kitts	29,499.91
Water Sector	
(1) Water Development - Monsterrat	30,000.00
(2) Water Development - St. Kitts	371,053.88
(3) Kingstown Water System - St. Vincent	16,331.05
	417,384.93
Miscellaneous	
(1) Resource Study - Dominica	34,717.34
POST-FEDERATION PERIOD - 1962/63 and 1963/64	
Transportation Sector	
(1) Two Warehouses - St. Kitts and St. Lucia	100,000.00
Education Sector	
(1) Four Schools - Antigua, Dominica, and Grenada(2)	1,339,000.00
PRE-TRIPARTITE SURVEY PROGRAMME - 1965/66 and 1966/67	
Transportation Sector	
(1) Habour Luanches - Antigua, Dominica and St. Vincent	105,852.00
(2) Air Terminal Building and Cold Storage facilities-Monsterrat	317,000.00
	442,852.00

Water Sector

(1)	Distribution System - St. Lucia	350,000.00
(2)	Survey of Resources - Monsterrat	352,000.00
(3)	Storage Facilities - St. Kitts	198,000.00
		900,000.00

Miscellaneous

(1)	Study of Banana Industry - St.Lucia	50,000.00
(2)	Transportation of Hospital Supplies	37,997.15
		87,997.00

TRIPARTITE SURVEY PERIOD BEGINNING 1967/68

Agriculture

(1)	Fertilizer - St. Vincent and St. Lucia	53,490.05
(2)	Cattle - Dominica	25,490.28
		78,980.33

CURRENT CAPITAL PROJECTS

PRE-TRIPARTITE SURVEY PROGRAMME 1965/66 and 1966/67

Transportation

(1)	Construction of Bequia Jetty - St. Vincent	22,000.00

Education Sector

(1)	Grand Bay School - Dominica	850,000.00
(2)	Pares Village School - Antigua	790,000.00
(3)	Technical School - St. Lucia	1,000,000.00
		2,640,000.00

Water Sector

(1)	Survey of Possible Dam Site - Antigua	250,000.00

Miscellaneous

(1)	Fish Storage Plant - Grenada	235,000.00

TRIPARTITE SURVEY PROGRAMME BEGINNING 1967/68 and 1969/70

Transportation Sector		
(1)	Beane Field Runway Extension - St. Lucia	2,382,000.00
(2)	Air Terminal Building - St. Lucia	50,000.00
(3)	Collidge Field Runway Extension - Antigua	1,460,000.00
(4)	Runway Rehabilitation - Dominica	1,000,000.00
(5)	Feasibility - Dominica	200,000.00
(6)	Newcastle Field Runway Surfacing - Nevis	220,000.00
		5,312,000.00
Education Sector		
(1)	Twenty Pre-fab Primary Schools	2,800,000.00
Water Sector		
(1)	Distribution System - Dominica	347,000.00
(2)	Distribution System - St. Lucia	1,250,000.00
(3)	Support for Central Water Authority - St. Lucia	15,000.00
(4)	Distribution System - Monsterrat	1,810,000.00
(5)	Storage Reservoir - Antigua	260,000.00
(6)	Well Drilling Rigand Operator - St.Kitts	100,000.00
(7)	Resource Survey and Distribution Survey - St. Vincent	425,000.00
(8)	Distribution System - Grenada	775,000.00
		4,982,000.00
Miscellaneous		
(1)	Regional Development Agency	200,000.00
(2)	Vieux Fort Resource Survey - St. Lucia	250,000.00
		450,000.00

Source: CIDA: Commonwealth Caribbean Assistance Program 1969/70 Proceedings of the Standing Senate Committee on Foreign Affairs Respecting the Caribbean Area, No. 1. November 4, 1969 and No. 5, March 18, 1969.

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