

## Canadian interests

\$1199 in 1982 to US \$890 (in 1980 constant dollars) by 1990 — a 26% decline in real terms at present trends. Its relative position would change among nations, and it would be grouped with poor countries in Central America. Jamaica is now between the IMF, which is imposing tough conditions, and commercial bankers who once favoured loans to the island. Few would now. It is also mid-way between the 1980 election and 1988 by which time Seaga must hold a general election, mid-way between the classic Westminster parliamentary model and the single party systems which abound in the neighbourhood. Nor is this all. Jamaica totters between a fertile agricultural abundance and painful scarcity. It lies between Miami and the Latin south, an English island in a Spanish sea. The footprints of direct broadcast satellites (US, and soon the BBC) fall across the island, slowly killing local television programming. Between a new national pride and an old anxiety about scarcity, Jamaica is facing a crisis while it celebrates the 150th anniversary of the abolition of slavery, and the 21st anniversary of its independence.

### Economic disappointment

A new economy delivered from socialist bondage was proclaimed but not realized after the election of the Jamaica Labour Party in 1980. There was a vision of hands-on management which would stop the flight of capital; the language of the marketplace became the language of political economy: money and people would be drawn back. Seaga and Reagan were elected in the same month. But the government's appetite for revenue increased, the regulation of business continued through currency exchange regulations, and confidence in Seaga's skill has diminished steadily.

Government revenues have been based only partly upon an inefficient taxation system easily evaded, and have relied mainly on levies on the export of bauxite. Because these exports have been declining steadily, government revenues have declined with them. Loans, both multilateral and commercial, were taken to satisfy current costs and consumption. Jamaica became the world's second largest multilateral borrower in these brief three years! By 1984 there was an official scramble just to pay for the monthly shipments of petroleum for vehicles and electricity generation. A balance of payments, to which Canada gave major support, seemed beyond reach. Due to more exports of bauxite to Canada than imports of food, paper, machinery, etc., there was a very favourable trade balance, but this was negated by the profound imbalance with the US and other countries. Japanese car manufacturers have been chuckling all the way to the bank in Jamaica. To add to the difficulties, official revenue from tourism — a steady industry since 1980 — has been drained by massive "leakages" to private hands, which is fine for private hands, but cannot pay the public-sector wage-bill. One of the most valuable exports — marijuana — has always gone out untaxed. A government drive for exports — at first centered on garments and then on agriculture — remained top priority but simply did not carry the day.

The recent experience in agriculture is extraordinary. Every new crop imaginable is being tried — macadamia nuts, carnations and zucchini — because the traditional exports of sugar, bananas, coconuts and spices have done

so poorly. New techniques and foreign expertise are being underwritten by the government, including a considerable input from Israel. "A thousand Israelis", said a senior government official in 1983 wryly, "could produce almost all the food this country needs, and export some. What is the matter with us?" In fact a year later the Government of Jamaica had to announce a food sufficiency programme to focus on basic items like rice, soya, corn, and milk. The cost of importing them had become unbearable. In addition, the IMF, World Bank, and USAID had insisted on total removal of subsidies on these very foods. But there have been drives for food sufficiency before, and their results have been short-lived.

After the contests between Jamaica and the IMF in the 1970s, Seaga's supporters looked for smoother relations. But Washington has been irritated by the Jamaican way of negotiating, and there have been whispers about bargaining in bad faith: all this in spite of the White House approval of Mr. Seaga's business-like approach, as well as his views on Cuba and communism. All foreign agencies and donors have insisted on much greater fiscal discipline, and Canada appears to have discreetly supported this move. No one could say the results are satisfactory, even when Seaga describes them in his own up-beat manner. There is still a flight of capital from the island, and the demand for emigration is constant.

### Private frustration

The key to the new government's deliverance was to have been the private sector. Seaga himself comes directly from the commercial class, and he knew exactly what they wanted — political stability and less regulation. Still in power four years later and likely to remain for another four, he has provided the suggestion of stability. But less regulation was a mirage. Private businessmen have said in surveys, interviews and innumerable speeches that they see regulation as the major obstacle, not just in the byzantine history of currency exchange regulations (at one time four rates operated simultaneously), but in quotas, licenses, and credit. In fact, it is difficult for an outsider to judge which ventures have been profitable, because for centuries fortunes have been made in Jamaica and only part of them reported and recorded. Beside the fading main attractions — sugar, bauxite, bananas, construction — there are side shows like race horses, coffee, and ganja. Banking itself has been enormously profitable, particularly through currency trading. For example the Bank of Nova Scotia's pre-tax profit was 40% greater in 1983 than in 1982. Although Seaga blasted the banks for what he thought was speculation in currency exchange deals, the government had to run to the same banks in 1984 to arrange for payment of oil shipments. Although much regulated, the private sector continued to find ways to move its capital out of the country.

Regulation has also not crippled the resilience of the small scale informal sector, comprised of hustlers and "higglers" who bring shoes and auto parts from Miami and take back spices and US dollars they purchase in the streets of Kingston. Working against the waves of currency devaluations, roaming the country in dilapidated buses, these tough and humorous ladies have become the second force in the retail trade, undermining shopkeepers and distribu-