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HON. Seaga, Edward

THE WHITE HOUSE
WASHINGTON

October 1, 1981

Dear Ambassador Johnson:

Thank you very much for sending along
the material on the government of Jamaica.
I found it most interesting and appreciate
your thoughtfulness.

With best wishes.

Sincerely,

MICHAEL K. DEEVER
Assistant to the President
Deputy Chief of Staff

Ambassador Keith ^XJohnson
Embassy of Jamaica
1850 K Street, N.W.
Suite 355
Washington, D.C. 20006

~~Enclosures filed in~~ *22A*
~~Overseas Attachments~~

EMBASSY OF JAMAICA

1850 K STREET, N.W.

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REF. NO.

September 22, 1981

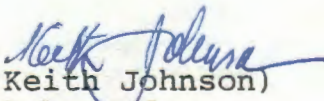
Mr. Michael K. Deaver
Deputy Chief of Staff and
Assistant to the President
White House
1600 Pennsylvania Avenue
Washington, D.C. 20500

Dear Mr. Deaver:

It is with much pleasure that I forward to you the enclosed material relating to some recent activities of my Prime Minister, the Rt. Honourable Edward Seaga. If I or members of my Embassy can be of any further service in this regard, please feel free to contact me.

With kind regards and my very best wishes,

Yours most sincerely,


(Keith Johnson)
Ambassador

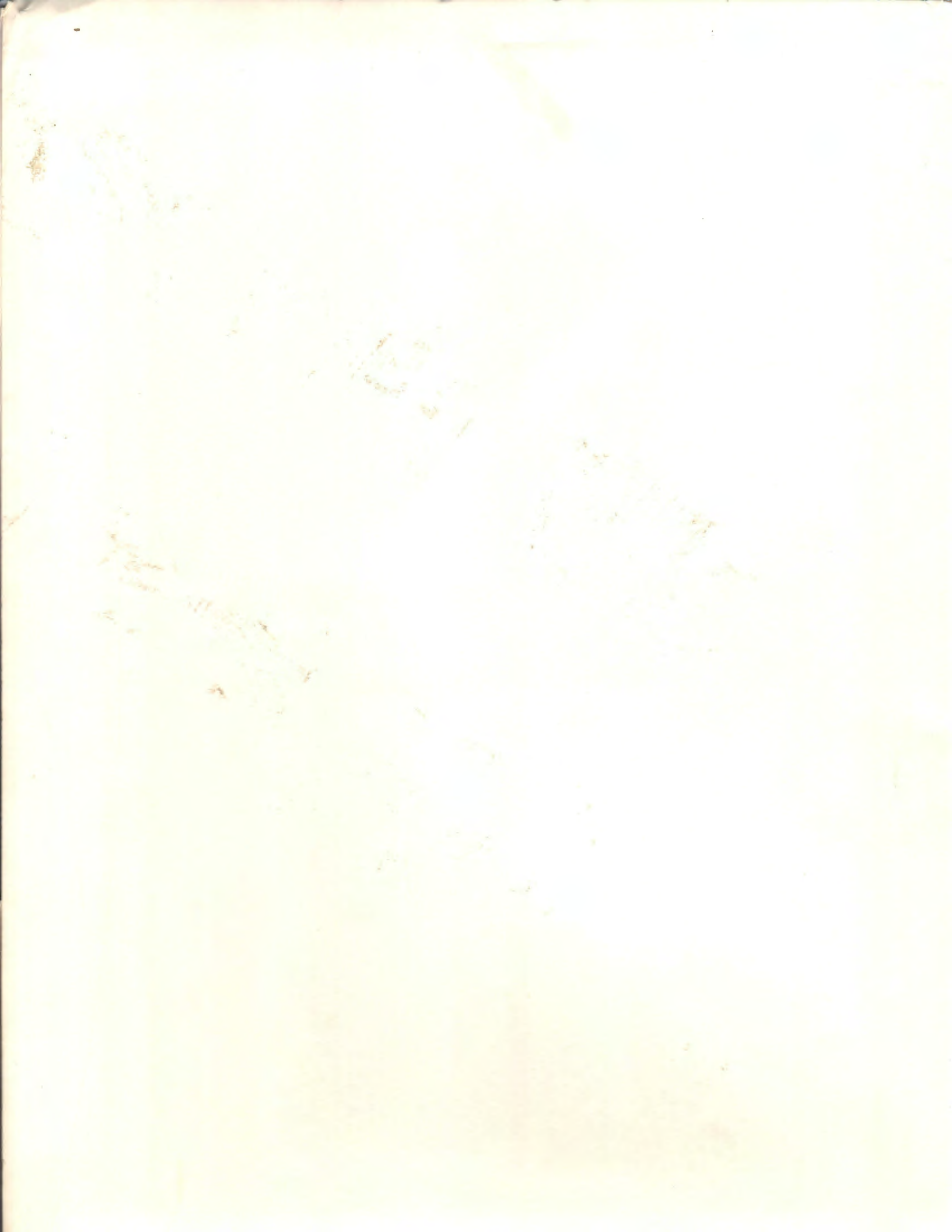


GOVERNMENT OF JAMAICA

**HON. EDWARD P.G. SEAGA
PRIME MINISTER**

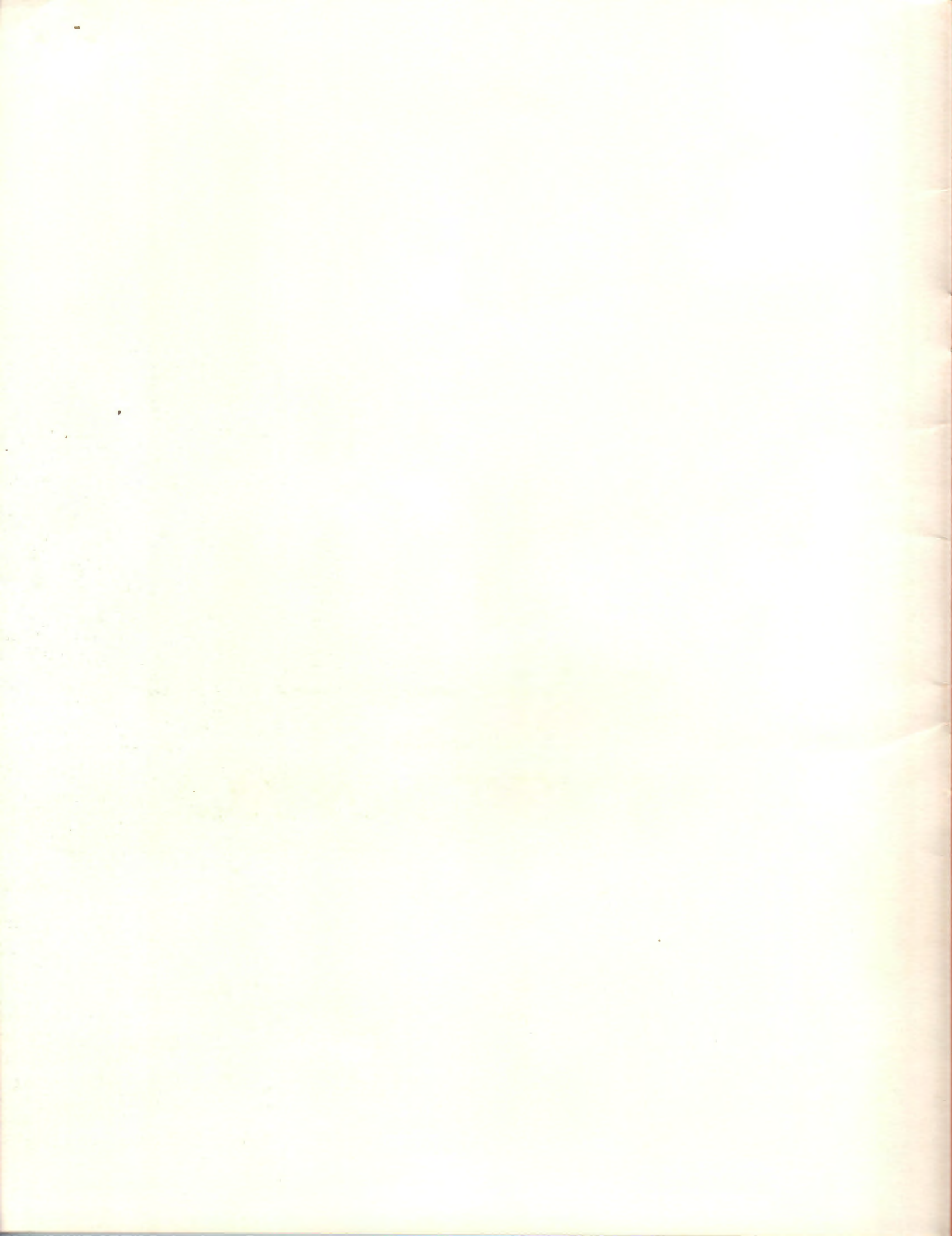
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INVESTMENT IN JAMAICA





INVESTMENT IN JAMAICA

A Jamaica National Investment Company Publication
June 1981

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FOREWORD

Our strategy of economic development is straightforward. It is based on the principles of motivation, initiative and enterprise interacting in the market place.

Our immediate goal is to restore growth, in order to generate new employment and better standards of living.

Investment is one of the most critical ingredients in the achievement of growth. We therefore encourage investment, by the tried principles of motivation, initiative and enterprise which experience has proven to be the only real basis of economic success.

Within the last two decades Jamaica was one of the outstanding examples of a small nation forging a path to economic success, and, later, one of the worst cases of economic failure.

Our people have examined the records of the decade of the sixties when there was a high level of investment in critical sectors and the decade of the seventies when there was a dramatic fall in the level of investment. They have overwhelmingly approved the path of proven success through investment.

We invite investment, therefore, to fulfil our mandate, to restore prosperity with the goal of significantly expanded employment opportunities and enhanced quality of life for our people.

Foreign and local investors in the past have been true partners in Jamaica's success. We encourage them to join hands with us in our next stage of new growth.

The Rt. Hon. Edward Seaga, P.C.
Prime Minister of Jamaica



INTRODUCTION

The Government of Jamaica (GOJ) which was elected on 30th October 1980, recognises that in order to restore the economy to a positive growth path and to achieve the goal of placing large quantities of products made in Jamaica in the market-places of the world, private investment has to play a vital role. The pre-election tensions which were caused by the confrontation of rival political factions have disappeared and Jamaica has embarked upon an Economic Recovery Programme.

There is total commitment on the part of Government to facilitating and encouraging the activities of the private sector through a variety of means, since it is convinced that a vibrant private sector is the best guarantee of efficiency in production. Opportunities exist for all types of investments including joint ventures between local and overseas private sector entrepreneurs in the production and marketing of goods for the domestic and overseas markets.

SYSTEM OF GOVERNMENT

Jamaica has a democratically elected parliamentary Government. The country enjoys a high level of political stability and has a long tradition of changing its governments (national and local) by free elections. There are constitutional guarantees of the rights of persons and property.

The public service administration has an unbroken record of outstanding integrity.



RESOURCE BASE

Jamaica is favoured with a resource base which provides significant scope for economic growth and development:

LAND – Of a total area of approximately 2.7 million acres, 1.68 million acres are in farms or are suitable for some form of agriculture including commercial forests.

WATER – Jamaica has good water supplies from sources above and below the ground. This resource plus arable land provides the base for a strong agricultural sector and significant rural development. Investment in modern irrigation systems is required for exploiting the agricultural potential in some areas, e.g., Vere and Pedro Plains on the south of the Island.

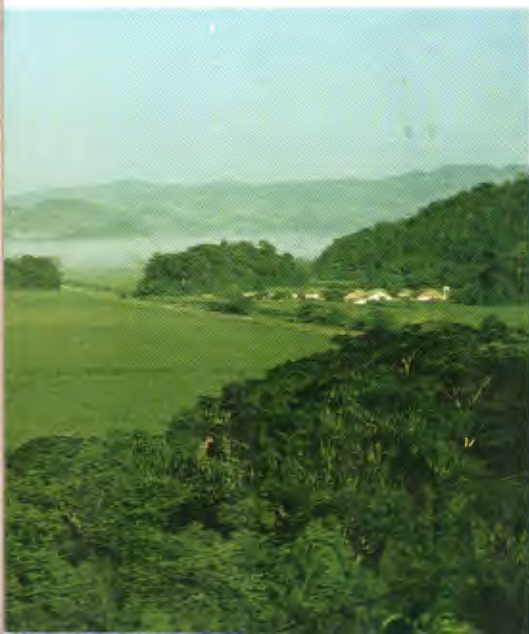
MINERALS – The island possesses vast reserves of high quality bauxite ore. This is conservatively estimated at 1.5 to 1.8 billion tons. In addition to bauxite, Jamaica has gypsum, marble, limestone and clay deposits. These latter resources indicate great possibilities for the expansion of cement production as well as the production of building materials, ceramics, etc.

CLIMATE – Salubrious climate, good beaches and beautiful scenery combine to form a strong resource base for the development of tourism. Jamaica has 19,837 beds in hotels, guest houses and resort cottages.

HUMAN RESOURCES – The Jamaican population at the end of 1980 was estimated at 2,183,300 an increase of 1% over the previous year. The total labour force at November 1980 was 1,006,900.

Jamaican labour is very adaptable and trainable and is capable of performing at good rates of productivity. While there has been a high rate of unemployment – 26.8% in November 1980, Jamaica has been experiencing a shortage of skilled workers. However, given the adaptability of the labour force and increased emphasis on education and training, no long-run shortage of skilled labour is forecasted.

The country's resource endowment is such as to provide substantial scope for the expansion of productive capacity in the Agriculture and Agro-industries, Mining, Manufacturing and Tourism Sectors, as well as in alternate energy sources (for Automotive fuel in particular). Thus there is a broad range of opportunities for investors to establish profitable ventures and participate in the island's economic growth.



INTERNATIONAL TRADING RELATIONSHIPS AND DOUBLE TAXATION AGREEMENTS

TRADE AGREEMENTS: Jamaica is a member of the Caribbean Common Market (CARICOM) and a member of the African, Caribbean and Pacific Countries with special relationships with the European Economic Community based on the Lome Convention. Based on these facts, Jamaican products are accorded duty-free treatment or attract low rates of duty in most Caribbean and European markets. In addition, Jamaica as a developing country and a signatory to the GATT, enjoys preferential treatment for a wide range of products under the scheme of generalised preferences (GSP) in the United States and Canadian markets.

DOUBLE TAXATION TREATIES: Jamaica currently has double taxation treaties with seven countries for the avoidance of double taxation. Four of these involving Denmark, Norway, Sweden and the U.S.A. are older Treaties which have been inherited from our earlier economic and political connections with Great Britain as a colony. The U.S. Treaty has been re-negotiated and its new form is now before the Senate for ratification. This final stage involves ratification by the sub-committee of the U.S. Senate responsible for these matters. It is expected that ratification will take place in the present session of the U.S. Congress.

The Treaty with Sweden is now being re-negotiated.

The re-negotiation of these older Treaties seek to arrive at terms and conditions which are more favourable. In this regard, specific consideration is given such matters as capital flows, tax credit for capital investments overseas and other areas which enhance foreign investment flows to Jamaica.

The Treaties with Canada, West Germany and the United Kingdom are relatively new Treaties.

A Multilateral Treaty has been signed by CARICOM Member States, but this has not yet been ratified by any of these States. The Ministry of Finance has on schedule a review of the CARICOM Treaty with a view to making amendments in order to achieve early ratification by the respective Governments.



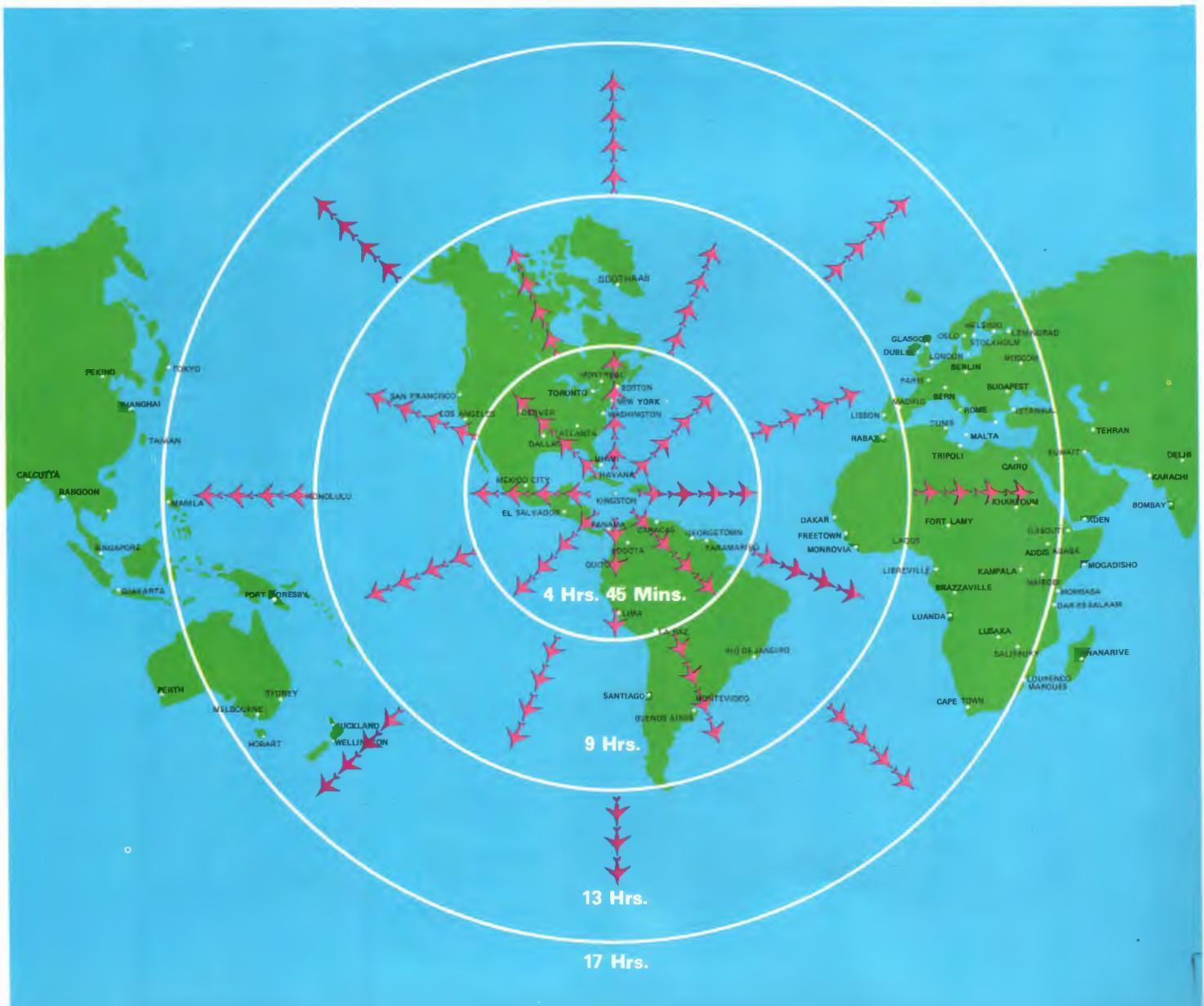
STRATEGIC LOCATION

Jamaica is located at the hub of the Caribbean. The island offers easy access to North, South and Central America, Africa, Europe, and the rest of the Caribbean. It is only 577 miles from the Panama Canal Zone, 589 miles from Miami, 1190 miles from New Orleans, 1457 miles from New York, 2048 miles from Chicago, 4678 miles from London and 5078 miles from Frankfurt, Germany.

Jamaica is the centre of the main shipping route from Europe to the Pacific and from the Pacific to the Caribbean. Over thirty (30) international shipping lines call regularly and provide oceanic and regional feeder shipping services to two international seaports – one in Kingston and the other in Montego Bay, and a number of smaller harbours. At the Kingston port, there are lift-on and lift-off as well as roll-on and roll-off facilities for the handling of container

cargo. There are also facilities for handling break bulk cargo. At the Montego Bay port, there are facilities for the handling of both break bulk cargo and roll-on roll-off container cargo.

The island has two international airports, one in the capital city of Kingston and the other in the city of Montego Bay, and is served by 12 international airlines. Flying time from Kingston to New York is approximately 3½ hours.



INFRASTRUCTURE

Public Utilities have undergone extensive expansion and development in Jamaica. Electricity generation capacity is more than adequate. A programme of refurbishing of equipment is underway. Alternate energy sources are being developed which will considerably reduce the need for oil for energy purposes (except Automotive fuel) during the next 10 years.

Data indicate that Jamaica ranks high among other developing countries in terms of miles of road per unit area. A multi-million dollar port facility now provides the premier trans-shipment facility in the Caribbean and adjacent to the port is a Free Zone complex which provides access to world markets.

An internal airline links the country's major centres. A satellite earth station, direct subscriber dialling to North America plus operator-connected calls as well as telex facilities ensure efficient communication with the rest of the world.

Jamaica has a well developed financial system embracing a range of institutions e.g., a central bank, a development bank, a mortgage bank, eight commercial banks, some of which are affiliates of international banks, a number of merchant banks, a Stock Exchange a Unit Trust Scheme, trust companies, a wide range of insurance companies and building societies. All major towns are served by branches of one or more of these institutions.

Statistical Data in the following areas, among others, are published regularly (monthly and/or quarterly and/or annually) by the Department of Statistics: National Income, Monetary Statistics, Labour Force, External Trade, Production Statistics, Consumer Prices, Demographic Statistics, Employment and Wages in Large Establishments. An Annual Economic and Social Survey is prepared by the National Planning Agency.

The country's medical services are staffed by competent personnel. Community health centres, private and public hospitals, pharmacies and teaching hospitals with international accreditation combine to provide a health care programme of relatively high quality. Present needs are for additional medical personnel to replace those who migrated during the past decade and to staff rural clinics. Rural health facilities are being upgraded and a recruitment drive for medical personnel is underway.



FOREIGN INVESTMENT POLICY

The Government of Jamaica welcomes overseas investment. Jamaica has had a long record of partnership with foreign investment in the development of a wide range of highly productive projects and industries. This includes the bauxite/alumina industry which is

currently the second largest in the world and involves the participation of the five largest North American Aluminium Corporations. There are currently over 200 foreign firms or subsidiaries of foreign firms operating in Jamaica. These include:

Anaconda Jamaica Inc.
 Alcoa Minerals of Jamaica Inc.
 American Life Company
 Air Canada
 Alfred Dunhill Ltd.
 Atlantic-Gulf Contractors Ltd.
 American Airlines Inc.
 Aruba Chemical Industries
 Aluminium Company of
 Canada Ltd.
 British-American Life Insurance
 Company Ltd.
 British Airways
 Bata Shoe Company
 Bank of Nova Scotia (Jamaica)
 Ltd.
 Cuna Mutual Insurance
 Company
 Colgate Palmolive Company
 (Jamaica) Ltd.
 Drax Hall Ltd.
 Esso West Indies Ltd.
 Esso Standard Oil S.A. Ltd.
 Eastern Airlines Inc.
 First National City Bank N.A.
 Imperial Life Company of
 Canada



I.B.M. World Trade Corp.
 Jamaica Premix Ltd.
 Johnson and Johnson Jamaica
 Ltd.
 Kaiser Bauxite Company
 K.L.M. Dutch Airlines
 Mead-Johnson (Jamaica) Ltd.
 National Life Assurance
 Company of Canada
 Norwegian Caribbean Asso-
 ciates Inc.
 Neale and Massey (Jamaica)
 Ltd.
 National Cash Register
 Pan American Standard
 Brands Inc.
 Reynolds Jamaica Mines Ltd.
 Reckitt and Colman (Overseas)
 Ltd.
 Riker Laboratories Inc.
 Sterling Drug (International)
 Ltd.
 Shell Company (West Indies)
 Ltd.
 Singer Sewing Machine Com-
 pany
 Sun Life Assurance Company
 of Canada
 Texaco Caribbean Inc.

Under this investment policy, preferred investment activities are those which are:

- earners or net savers of foreign exchange;
- significant employers of labour;
- worthwhile contributors to domestic income
- linkage industries
- utilisers of local raw materials



In the pursuance of the policy, the following criteria are applied in the consideration of investment proposals:

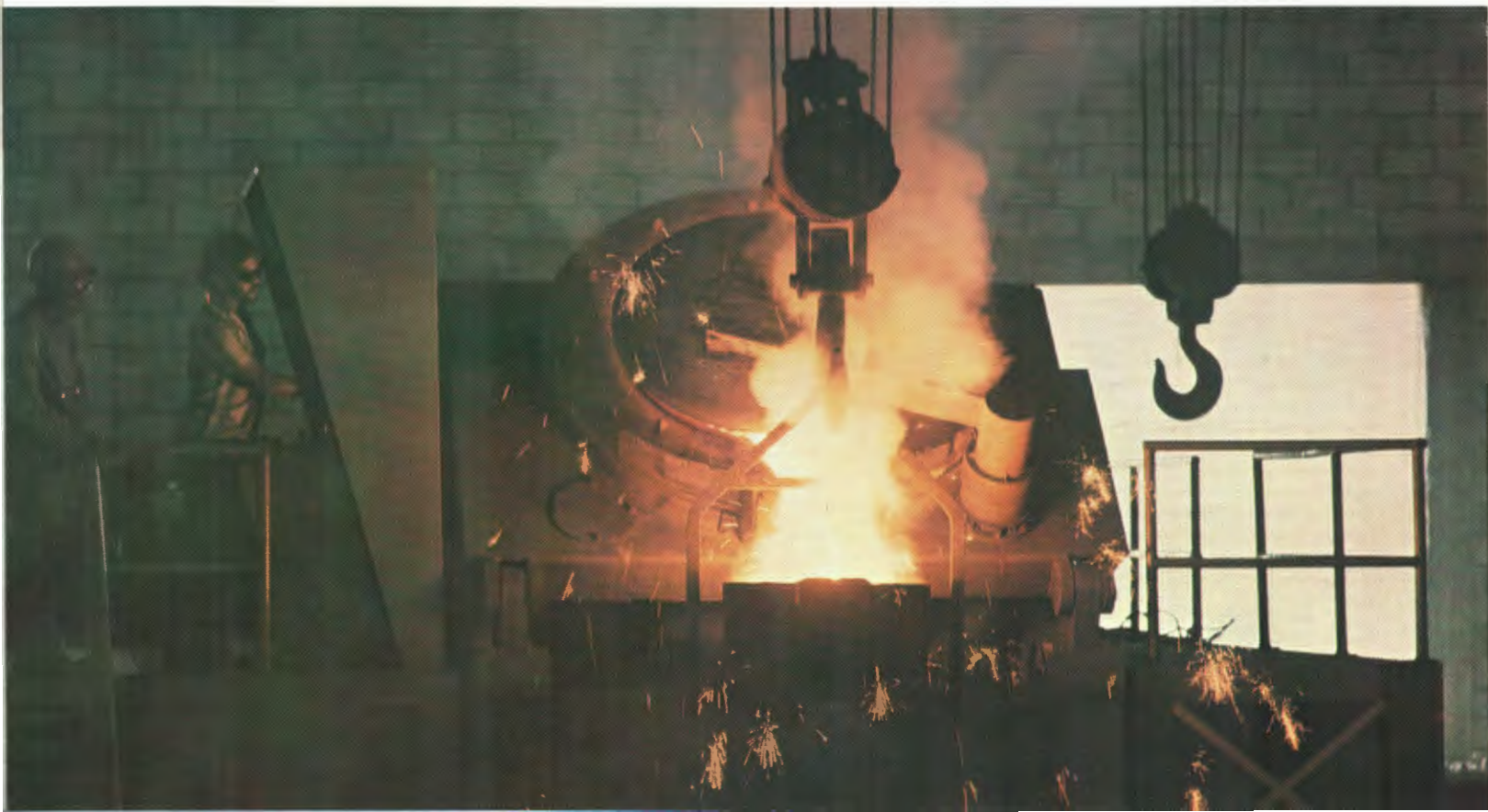
EMPLOYMENT: The labour content of the project must be such as to permit it to contribute meaningfully to the employment creation effort.

LOCAL VALUE-ADDED: The local value-added contribution of the project which is influenced by the use of local labour as well as local raw materials and services is an important determinant of the quantum of incentives afforded the project especially with regard to the period of tax holiday.

NET FOREIGN EXCHANGE EARNINGS: The strong export thrust in the current economic programmes makes the net foreign earning or saving effect of the project vital. In this regard, incentives over and above those which are provided to entities which produce exclusively for the local market are made available to export-oriented activities, provided the foreign exchange earnings flow into the economy.

VERTICAL INTEGRATION: In recognition of the importance of the deepening of the production process through the creation of inter and intra industry integration much emphasis is placed on activities which facilitate this development.

The foregoing does not mean that a project must meet all the criteria stated to be accorded favourable consideration. For example, a project which is strongly export-earning oriented but at the same time is highly capital intensive could be highly rated for incentive purposes. A project which provides a substantial number of jobs utilizing indigenous raw materials but earns or saves a limited amount of foreign exchange could also be highly acceptable for investment promotion.



Liberal Tax and Non-Tax Incentives

The Industrial Incentives Law grants income tax exemptions of up to nine years to industries on the basis of the quantum of local 'value-added'. For the purposes of this incentive, local value-added is computed on a basis which emphasizes the employment content of the project. The Export Industry Encouragement Law provides income tax exemption for ten years to enterprises producing for export to non-CARICOM countries. Both Laws give relief from import duties on machinery, equipment and raw materials during the concessionary period.

The Government of Jamaica is interested in attracting to the hotel industry investors who possess expertise and experience in or links with the Hotel Travel and Transport Industries. A programme is now underway to divest eight major hotels presently owned by the Government (all prime properties) by way of leases with operators of proven success or by sale in some cases.

The Hotel Incentives Act provides income tax concessions to approved hotel enterprises for ten years in respect of hotel facilities with a minimum of 10 bedrooms and 15 years for hotels of not less than 350 bedrooms (Convention Hotels) with facilities for conferences. Relief from customs duty is also provided for construction materials and equipment. Hotels of less than 350 rooms which are located in specially designated areas may receive income tax concessions for 15 years as well as the relief from customs duty in respect of construction materials and equipment.

The Resort Cottages Incentives Act provides income tax concessions for a period of 7 years to own-

ers or tenants of cottages of not less than 2 furnished bedrooms. Where cottages owned within the same town or district contain ten or more furnished bedrooms, income tax concession for 7 years as well as relief from customs duty for materials, equipment and other specified imports, is given.

The Government of Jamaica currently provides a wide range of tax and non-tax incentives in respect of Agricultural activities. The principal incentives are:

- Relief from Income Tax to recognized farmers engaged in the production of specified crops during the first five years of production.
- Similar tax exemption provision as are applicable on dividends in the Industrial Incentives Act, i.e. exemption from tax on dividends to:
 - (a) residents, except to the extent that the shareholders' rate exceeds the company's rate;
 - (b) non-residents who are not liable to tax on dividends in their country of residence:

- Relief from Customs Duties on certain machines, vehicles and spare parts imported by recognised farmers.
- Exemption from Customs Duty and Excise Duty in respect of certain chemical products, machines and equipment used for agricultural purposes.

The incentives to agricultural operations are being reviewed and are likely to be improved to ensure that agricultural enterprises are accorded no less favourable treatment than other types of enterprises.

While foreign investment is welcomed, the Government would not approve the participation or involvement of such investment in activities where profit does not accrue as a result of real increases in the output of goods and services but merely as a consequence of a situation of price exhalation. The development of land for subdivision and sale, and similar types of activities fall in this category.



Free Zone Investment

The Kingston Free Zone commenced operation in May 1976. It is an export centre for manufacturing, warehousing and distribution.

Production or operational space is provided in modules of 6,500 sq. ft., at an economic rental rate. If the size of the operation requires the use of more than one module, this can be arranged. Twenty-eight modular units are currently occupied.

Investments in this Zone must be financed, solely, with foreign exchange. A wide range of fiscal and other incentives are available to companies which operate in the Free Zone.

INDUSTRIAL: 100% tax holiday on profits, in perpetuity.

COMMERCIAL: Total exemption from income tax for profits earned from export sales.

GENERAL:

- Exemption from customs duty and import licensing.
- Minimal exchange control.
- Freedom from quantitative restrictions.
- Economic rates for factory and warehouse space.
- Special Security Services.
- Free Management consultancy.
- A Free Zone company can have limited access to the Jamaican and Caricom markets.



Ownership Structure of Investments

The new Government of Jamaica is flexible as to the ownership structure of investments. Foreign investors may have total ownership or enter into joint venture arrangements with Jamaican businessmen.

Ownership by Government, partial or total, will be in the areas of public utilities, telecommunications and mining. However, in keeping with a policy objective for rapid development of the country's potential petroleum resources, Government welcomes various levels of financial and technological participation by overseas companies in this industry. In respect of other enterprises, Government's ownership role will be dictated by the need to sustain output and employment.

Scope also exists for the establishment of private sector joint venture investments.



INSTITUTIONAL FRAMEWORK

Under the Exchange Control Act, the Central Bank (the Bank of Jamaica) is the approving authority for non-resident investment in Jamaica.

REMITTANCE OF PROFIT AND DIVIDENDS

Jamaica is a member of the IMF and subscribes to Article Eight of that agreement. Accordingly, approved overseas investments can remit profits and dividends as long as audited accounts are presented along with certification of the payment of with-holding tax. With the assistance of the IMF, arrears in payments, which accrued under the previous administration, will be settled as a matter of the highest priority.

CAPITAL REPATRIATION

Repatriation of capital invested is granted for all approved overseas investments.

Repatriation of capital gains from real estate transaction will be phased over an appropriate period.

Repatriation will be at the official prevailing rate of exchange.

FEES

Providing these are approved and registered and there is certification of the withholding tax, the Bank of Jamaica will allow the payment of fees for technical assistance, royalties, management services, trade marks and patents.

REAL ESTATE

Acquisition of real estate by non-residents is subject to approval by the Bank of Jamaica.

Non-residents may purchase homes in Jamaica provided that funds are from a foreign source.

A non-resident may purchase a home from another non-resident and secure the right to repatriation so long as such right was held by the seller.



INDUSTRIAL RELATIONS

Jamaican workers have constitutional rights to organize and be represented by trade unions. The co-operation of resident and non-resident investors in observing this principle is an expected part of the conduct of good corporate citizens as attested to by the observance of existing foreign-owned firms.

The National Minimum Wage established by Law is US\$0.42 per hour, excluding the 20 per cent total fringe benefit factor. It should be noted, however, that in practice the lowest wages for Jamaicans in light manufacturing start at about US\$1.00 per hour.



TIME-FRAME FOR PROJECT IMPLEMENTATION

The Government desires to see investment projects implemented with the minimum of delay after approval has been granted. In order to ensure that annual investment targets are met and that the economic benefits which accrue from such investments are realized within the time-frame projected, the following guidelines for project implementation are being followed:

- (a) The investor will be required to implement the project within a specified period, an implementation schedule will be developed and progress relative to this schedule monitored;
- (b) Insofar as the investor does not perform within the stipulated time-frame for project implementation, the reasons for the delay will be analysed and the terms and conditions applicable to the project reviewed.



EXPLORING AND INITIATING INVESTMENT PROJECTS IN JAMAICA

The Jamaica National Investment Company (JNIC) is the co-ordinating agency through which all investment enquiries and proposals must be registered and directed to relevant Government agencies or private sector interests. The Investment Promotion Unit of the JNIC will also provide data for project development, help to expedite approvals from the competent agencies to grant these, evaluate new projects and, where possible, assist with data required by potential investors.

All initial enquiries about investment prospects should be directed to the office of the JNIC, in Kingston or its branch office in New York, any of the Embassies, Consulates and High Commissions of the Government of Jamaica as set out below:

Jamaica National Investment
Company Limited
Investment Promotions Unit
Office Centre Building
10th Floor
12 Ocean Boulevard
Kingston
Jamaica.
809 922-1190 - 5

Jamaican Embassy to the United
States
1850 K Street
Suite 355
Washington, D.C. 20006
U.S.A.
202 452-0660

Jamaican Consulate-General
866 Second Avenue
2 Hammerskjold Plaza
New York, New York, 10017
U.S.A.
212 688-7650

Jamaican Consulate-General
842 Ingraham Building
25 South East 2nd Avenue
Miami, Florida
U.S.A.
305 374-8431-2

Jamaica National Investment
Company Limited
866 Second Avenue
2 Hammerskjold Plaza
New York, New York 10017
U.S.A.
212 688-7865

Embassy of Jamaica
Piso A-11A
Centro Plaza
Los Palos Grandes
Avenida Francisco de Miranda
Caracas
Venezuela
283-6933

Jamaican Embassy
Calle Eucken No. 32 Colonia
Anzures
D.F.Z.5, Mexico
Mexico
25-00-011

The Jamaican High Commission
Trinidad and Tobago
2 Newbold Street
St. Clair, Port of Spain
Trinidad.
24995-7

The Jamaican High Commission
50 St. James's Street
London, S.W. 1A 1 JT
England.
01 499-8600

The Jamaican High Commission
Sandringham Apartments
Suites 202-204
85 Range Road
Ottawa, Ontario, KIN 8J6
Canada.
613 233-9311

The Jamaican Mission to the EEC
83 - 85 Rue de la Loi
5th floor, 1040 Brussels
Belgium
230-11-70

The Jamaican Embassy
Bad Godesberg
Am Kreuter 1
5300 Bonn 2
Federal Republic of Germany
354045 and 633205

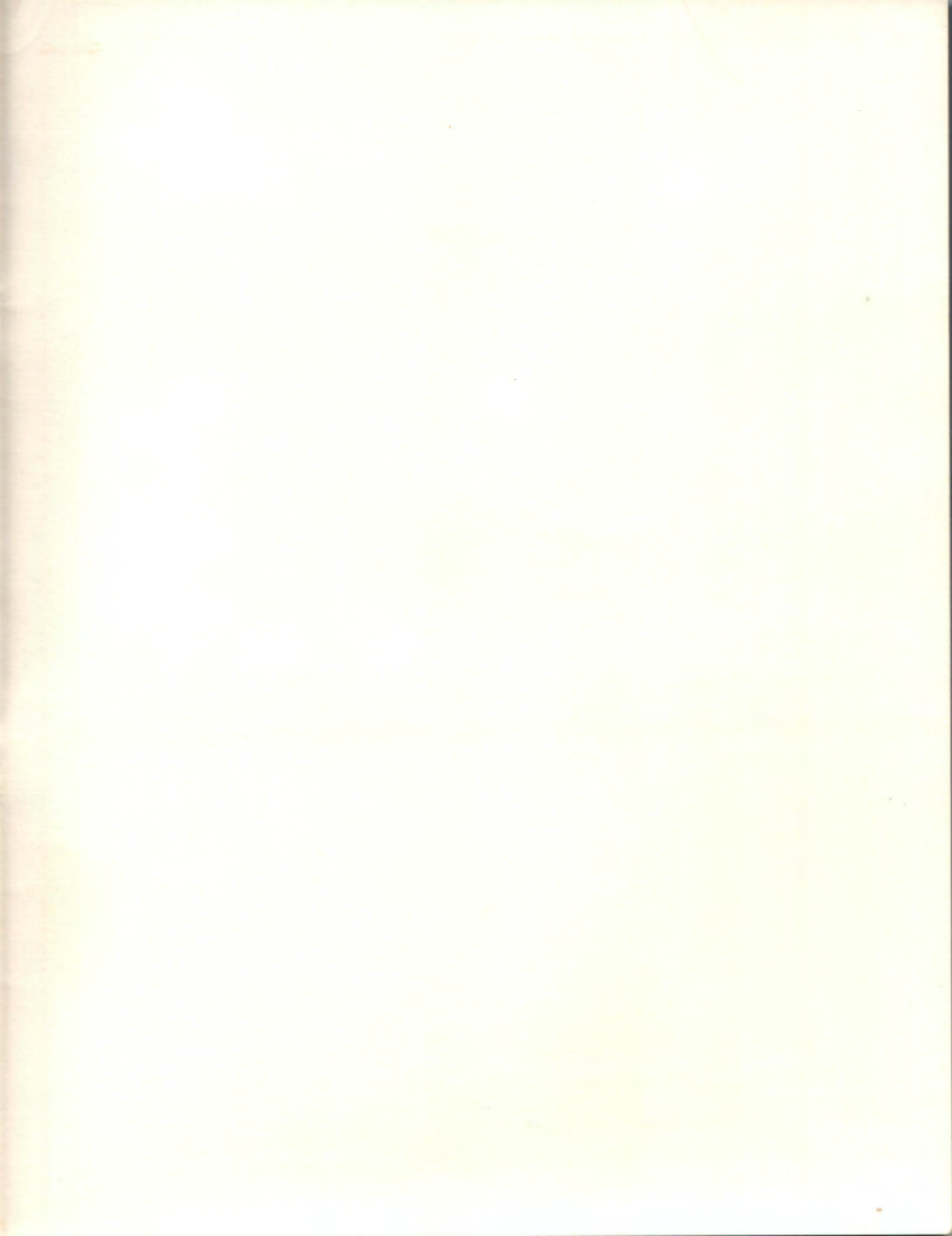
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PHOTO CREDITS

Jamaica Tourist Board
Port Authority of Jamaica
Agency for Public Information
Urban Development Corporation
National Hotel and Properties

Produced by MARS Limited, 45 Lady Musgrave Road, Kingston 10, Jamaica





ADDRESS BY

THE RT. HON. EDWARD P.G. SEAGA, P.C.

PRIME MINISTER OF JAMAICA

BEFORE

THE UNITED NATIONS CONFERENCE

ON NEW AND RENEWABLE SOURCES OF ENERGY

NAIROBI, KENYA

AUGUST 10, 1981

Mr. President, His Excellency Mr. Daniel Arap Moi, Distinguished Prime Ministers, Distinguished Secretary-General of the United Nations, Honorable Ministers of Government, Secretary General of the United Nations Conference on New and Renewable Sources of Energy, Distinguished Delegates, Ladies and Gentlemen:

My delegation has been overwhelmed by the warmth of hospitality of the government and people of the Republic of Kenya, their sincerity of purpose in hosting this conference, and their dedication to efficiency demonstrated in the thoughtful anticipation of our every need to enable us to have both a pleasant and profitable stay in their lovely country.

For this, on behalf of the government and people of Jamaica, I express our sincere thanks.

Jamaica continues to watch with profound admiration the sustained efforts and real accomplishment of the government and people of Kenya in advancing both international peace and national prosperity.

Mr. President, on two occasions in this century, the issue of energy has exploded fundamental concepts with bedazzling effect on mankind. The demonstrated potential of atomic energy nearly four decades ago amputated fundamental concepts of technology and armament from the corpus of conventional technology, leaving a bewildered world to grapple with the dismembered pieces. With no less trauma and as much anxiety, the eruption of oil prices over the past seven years shattered the settled regime of cheap and reliable energy as an unfailing resource, leaving the world's financial system to cope with the disarray.

Now that the mushroom cloud has settled, atomic energy can be seen in the positive light of the resource base it created of dazzling scientific breakthroughs in areas of the unknown and the equally penetrating forces it unleashed in new and far-reaching technology.

The shock waves of the crippling consequences of dramatic escalations in the price of oil have not yet settled. Our vision of the future is still blurred. But from the chaos a pattern of new technology is emerging with consequences so far reaching as to begin to shape once again a new world approach to energy.

New sources of energy, once barred as alternates to conventional sources, for reasons of science, technology, and finance, are now being dramatically unleashed in the same way that the splitting of the atom released new potentials

once barred by scientific, technological and financial constraints.

In the days of cheap oil no true vision existed of energizing the deep rural areas where hundreds of millions of the world's population live and whose only hope to see light, to refrigerate, to heat, to cook, to telecommunicate and to mechanize electrically, was to await the planting of poles and the stringing of millions of miles of wires at costs far beyond calculation.

The resource base was then cheap, but infrastructure was crippling in cost.

Now we contemplate the reverse: oil is no longer cheap, but we are beginning to see the emergence of a farmyard, without poles and wires, energized by the dung of animals, the power of the sun and wind, using small-scale devices. We are seeing new potentials for small scale community and village energy, supplied from bio-mass, with only local infrastructure of wires and poles where necessary.

In today's energy perspectives we have reversed the problem of yesterday: the infrastructure is cheap, but the resource base, crippling in cost.

It is at this juncture of new technological breakthroughs blocked by the hardening barriers of finance, that this United Nations Conference on New and Renewable Sources of Energy has been called.

I commend the timeliness of its initiators and congratulate them on their proficiency in organizing and planning a conference that may be truly historic. If I single out the Secretary General of this special conference, Dr. Enrique Iglesias, I mean to do no less justice to all those associated with him in his preparatory work. It is obvious that a team of great merit has labored, fired with a sense of motivated participation in the creation of a new vision of a technology which may harness resources that are the abundant heritage of mankind.

Whether this conference achieves its purpose or fails depends on three basic decisions:

(1) Firstly, that we specifically decide to identify and promote a mechanism to aid research and development in new and renewable sources of energy and to promote new technology to reach the international market place;

(2) Secondly, that we specifically decide to determine the

mechanism of financing the requirement for research and development and implementation of new and conventional energy resources, and the promotion of new technology in the international market place;

And lastly, that we decide to act on these specifics now: that we do not allow this conference to taper into any device which rests on the summoning of yet another conference doing only a part now of what we have been called here to do.

The advent of atomic power, it will be remembered, gave rise to the development of a special United Nations institution to channel through international development the vast potential of the awesome power of the atom. The international atomic energy agency was born out of unanimity to internationalize some of the mysteries of the atom and its vast resources for the benefit of the world at large.

The transition from a world economic system based primarily on the utilization of a high cost depletable energy source to one that will be based increasingly on new and renewable affordable sources of energy, offers no less a mystery than unlocking the secrets of the atom; and correspondingly, the need for a special institution to encourage research development and implementation in the areas of energy is equally strong today as when the IAEA was formed.

The reasons are evident: each year the economies of oil-importing developing countries are hit by financial atomic bombs as they fall further and further behind in the race with energy costs.

The World Economic Survey 1980-81, published by the United Nations, discloses that the current account deficits of 56 energy-importing developing countries (from which information was available) amount to \$25 billion in 1978. These deficits reached \$40 billion in 1979 and \$57 billion by 1980, an astounding increase of more than double the deficit in just two years.

These results were shown in spite of the fact that the same OIADC's increased their exports by 5% between 1979 and 1980, a better performance than was registered by many other groups of trading countries.

To help offset this, the World Economic Survey discloses that for the same 56 countries, during 1979-80 official aid rose from \$5.8 billion to \$6.5 billion, an increase of \$700 million; direct investment increased from \$5.1 billion to \$6 billion, an increase of \$900 million; and portfolio and other long-term capital flows grew from \$24.5 billion to \$25.5 billion, an increase of \$1 billion.

These countries were nevertheless obliged to incur short term borrowing to the tune of \$14.5 billion more than the previous year and they ended their year of account with an additional deficit of \$5 billion.

In such circumstances, it is obvious that a special institution is critically required to accelerate the development of alternate affordable energy sources. The present pace of development of new technology, while offering promises of critical breakthroughs in the development of new and renewable resources from the sun, wind, sea, waste products and forests, for example, is not fast enough to enable the transition from hydrocarbon fuel to urgently generate sufficient savings for the economy.

Yet there is another side to the urgency of the development and transfer of technology. Many new devices now exist which achieve just what is desired, a cheaper form of energy which is also renewable.

The shortcoming in such instances, is access to the world market place. For the great part, most of this technology has been developed by the private sector of the industrial world and has had little exposure to the markets of the developing world.

A survey of the energy devices exhibited at this conference alone will establish this.

The need for new breakthroughs in technology is without question; but equally without question is the need for exposure to the international market place of new technology which is already in place.

It is for these reasons that my delegation has circulated a proposal in the final stages of the preparatory committee's work which I now wish to lay formally before the plenipotentiaries in this conference.

It is a proposal in brief to establish a center:

(1) for research and development on new and renewable sources of energy, to accelerate the development of new alternate energy sources;

(2) to promote by an international trade center access to the international market place of new technology already in place so as to speed up the transfer of technology to those countries in particular which are not in the mainstream of the international market place.

The development potential which can be mobilized from

facilitating new research is exceeded only by the potential of new developments which already exist and which have limited access to the international market place.

The role of the United Nations as an intermediary to activate the market place and draw into the development process the resources of the private sector should not be minimized if we wish to accelerate to the maximum the pace at which all new technology can reach the market place, especially in the developing world.

Having regard to the sensitivities which exist, and often quite rightly so, to the establishment of new international agencies, my delegation is of the view that the proposed center for research and development could be tied into an existing agency of common interest, such as the International Atomic Energy Agency, to minimize overheads, and relocate energy-based activities in this type of agency.

A different perspective arises when the question of alternate energy sources is approached from another point of view.

There are some countries, of which Jamaica is a pre-eminent example, which have a comprehensive energy plan and for which the major need is not new technological breakthroughs, but the financing of existing technological development quite acceptable to national energy needs.

Jamaica has a comprehensive energy plan which includes most of the feasible energy resources which are alternatives to oil.

(1) coal and the development of indigenous peat resources with a life span of thirty years to replace 16.4% of energy provided from oil by 1990.

(2) hydro power, including a major scheme to tunnel through the mountains to convey water from the wet northside to the dry southside, and to substitute 11.4% percent of oil fired generated power by 1990.

(3) solar, wood and charcoal, energy farms, OTEC, bagasse and urban wastes provide another 6% of substitution by 1990.

The end result of our national plan is to reduce from 97% to 64% our oil imports for commercial energy in the domestic sector by 1990 with alternate energy resources all of which will produce energy at cheaper costs than current charges and generate substantial saving in foreign exchange as well. We know precisely where to seek the 260 MW of energy

which we shall need to completely replace our imports of oil for commercial electricity: 120 MW from coal and peat (of which we have 30 years deposits of the latter); 80 MW from hydro power; and 60 MW from solar, OTEC, and bio-mass sources.

Indeed, it would be possible to accelerate our oil substitution program if the limiting factor was not finance. The total cost for transition from an almost total dependence on oil to one-third from alternate sources requires some \$600 million in capital investment.

I offer Jamaica, as a good example of OIDC's having a comprehensive development plan but unlikely to be able to mobilize full financing because of cost.

If the Jamaica case is multiplied by the large number of countries in our position it will be readily observed that notwithstanding technological breakthroughs, unless substantial financial resources are put together to finance a global transition, the problems of staggering balance of payments deficits will remain with the developing world as well as the crippling consequences to the economy.

Again, there is little justification for a new agency to carry out functions for which an existing agency is equipped.

The World Bank, the premier lending institution in the multilateral firmament, has had to slow down plans for the establishment of an energy affiliate because of insufficient support.

A critical decision of this conference, therefore, is to reactivate support for the World Bank affiliate without which the scope of financing would be minimal and the rate of transition too ineffective to merit serious contemplation by this conference.

So vital are the decisions to speed up research, development, marketing and financing that the conference is urged to devote as much time to ensuring that effective decisions are taken as is invested in the substance of the decisions themselves.

I pray that the decisions will not be merely to embark on another round of global negotiations. That thought did not bring me to Nairobi. What fired my imagination and support was the expectation that this conference would dare to break through the barriers of inertia and frustration which have beset the conduct of discussions between the developed and developing world.

Surely no more pressing subject exists than one which envisages the prolonged economic distress of the developing world as a consequence of inaction!

Surely no more enticing case exists than one which ties the interests of the private and the public sectors in official development programmes for the first time!

Surely no more economical case exists than in marrying a new agency to an existing institution!

Surely no stronger case exists than the auspices of a special conference for this purpose!

These peculiar circumstances may never again co-exist. The next occasion for discussion may have already exceeded the tolerance limit of the fragile economies with which we are dealing.

Jamaica is fortunate to be the recipient of special 30% long term credits offered to many countries in the Caribbean by Venezuela, Mexico and Trinidad & Tobago. We may survive a time lag.

But I close with the serious question as to how many other oil importing developing countries can?

If we fail, the real tragedy will be that we failed to put crisis into perspective, to recognize it as nothing more than a new challenge, to exercise the vision that creates opportunity from adversity, and to measure up to the urgent call of our time. I pray that we will not fail. Millions pray too.

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ADDRESS BY
SECRETARY OF STATE ALEXANDER HAIG
BEFORE
THE UNITED STATES BUSINESS COMMITTEE
ON JAMAICA
WASHINGTON, D. C.
JULY 2. 1981

Speaking of behalf of the department, I want to welcome you here and to express our gratitude to each of you for taking time from your very busy schedules.

Winston Churchill once said that a politician is effective only to the degree he can foretell what will happen tomorrow, next week, next month, and next year, but his true value is shown when he can explain afterwards why it did not happen that way. I'm the exception to that rule because a few months ago I predicted that David Rockefeller would soon become a retired businessman and an active diplomat, and that is indeed the case.

I think we all know why you have been asked to participate in this activity today. We feel strongly that the future of Jamaica is not only of vital importance in its own right but also as an example for the entire Caribbean basin, a region where so many newly-formed nations and peoples are facing the alternatives of authoritarian solutions and economic determinism, or a market economy and democratic process. We are all vitally concerned that Jamaica succeed.

Fundamentals

Let me put our approach to Jamaica, in the context of our overall foreign policy. President Reagan's four fundamental approaches to foreign policy include, first, getting our mess here at home straightened out as the most important priority. This is very much related to our ability to be effective abroad. For too long, American Presidents have forgotten that everyone comes in fascinated with foreign policy--it's more fun--and fails to tend to our domestic economic situation. The President has reserved those priorities, I think, correctly, despite some criticism to the contrary.

Secondly, as you know, he is insisting on a more reciprocal relationship with the Soviet Union, one which will demand greater restraint on their part, internationally. And anyone who suggests this is not an imperative for American foreign policy today is either indulging in sophistry or hasn't had his eyes open for the last five years. We have watched case after case of Soviet violation of international laws, the rule of force, and the imposition of Soviet will in the developing world.

Thirdly, we are trying to strengthen our relationships with allies and friends by the elimination of a host of irritants. These irritants include excessive pre-occupation with the theology of human rights as distinctive from the practical objective of achieving human rights. All of these problems we are resolving steadily and carefully.

Fourth, and finally, is our goal of establishing a just and responsible relationship with the developing world. The Jamaican case is the forerunner of this relationship because it represents a growing trend throughout the developing world where experimentation with economic determinism has already taken place, and failed.

Private Sector In Lead

There is a growing awareness that an excessively close relationship with Moscow only brings arms, a pervasive presence, and a client-state relationship: increasingly, developing peoples are recognizing that only the western world, with a market economy system that propels its success, provides the kind of assistance that is necessary to achieve their aspirations, economic, scientific, technological, and human. For that reason, it is vitally important that the United States reverse the conviction in so many of the developing states that we have an exclusive preoccupation with East/West problems, that because we have taken a more robust stand vis-a-vis the Soviet Union, we are going to be the conservatives who forget the developing world, and who even deal with that world with a self-centered bias insensitive to the future challenges and realities of the developing countries.

We have looked to the Jamaican case to show that we will be sensitive. We have asked private citizens to help us-- and indeed take the lead--because it is only the private sector that can act with the sensitivity, the ingenuity, and the flexibility, if you will, to really bring about a change in Jamaica.

We have asked you to recognize that we are not standing on the sideline, the executive branch of the Federal Government. We are offering assistance levels of about \$40 million this year. We hope to repeat that level next year. We have even initiated the excruciating process of granting tax relief for conventions. But it is a manifestation of the importance that the President places on this particular effort.

In Touch

We know that our request to you involves some sensitivity on your part. You have obligations in some cases to shareholders and in some cases just to the so-called "bottom line," but let me tell you, I hope that those inhibitions will be dealt with on the absolute margin of risk and ingenuity. It is so fundamentally important for all of us that I want you to let us know if you run into obstacles. We keep in constant touch with Prime Minister Seaga and I can assure you on behalf of both Governments that we will do our best to remove these obstacles. Let me know here, and we will deal with it-- Bill Brock, Don Regan, the Secretary of Commerce, or the President himself. And I tell you that the President is personally dedicated to seeing the matter through.

I want to conclude with a few more remarks on the developing world, and what I see facing America. A conservative government, one concerned about East/West relations, is usually expected to ignore North/South relations. We are not pursuing that approach. We feel it is fundamental that we do not do so.

In Africa, for example, many people forget that the United States is the largest contributor to Zimbabwe's economic development this year to the level of \$200 million. The United States contributed the most to the black Africa refugee conference. The United States is also at the cutting edge of the effort to achieve an early independence for Namibia.

You've read some things about a new Caribbean Basin Development Plan. I want to just give you a brief update on that because it's related to what we are doing in Jamaica. We have Bill Brock here today. He has taken the interdepartmental lead on this project. I just want to tell you that I saw a little Wall Street Journal article, I think while I was coming back from China, suggesting it's "dead in the water." Nothing could be farther from the truth: It is not dead in the water. It is active and moving.

I'm going to meet later this month in the Bahamas with the Foreign Ministers of Canada, Mexico and Venezuela where we hope to lay out an agenda and a conceptual approach to this plan. It's objectives are economic and social development--they are not political in character. This project will not have East/West overtones.

Reagan's Policy

I think that is a concept that deserved all the attention and support the American executive branch can give it. We do not want it to be a Marshall Plan, or even a mini-Marshall Plan, or anything made in America. It's not that. It's what we call a multilateral, regionally-conceived, regionally-supported, truly non-aligned effort to provide for the development of have-not nations in the Caribbean Area and in Central America. We feel that the inroads made by Communist subversion by Castro's Cuba, in this hemisphere, which is the vanguard of the Soviet Union, requires that we deal with that in its own terms in security terms, but we must also work as actively as we can to remove the incentives and the breeding grounds for successful insurgency. We must aid the political, economic and human development of peoples who are seeking social justice.

I want you to know that this is the policy of President Reagan, and it is a key aspect of our foreign policy today. And I could not over-emphasize the important role we see for the private sector in this area. Those of us who enjoy the benefits of a free market economy, the free enterprise system, and who simultaneously indulge in an exclusionary policy with respect to have-not nations are not ever true to our own economic beliefs. We have some work to do in this area, as we all know.

Again, I want to thank you for coming here. I urge you to join with us in our effort to help Jamaica. Together, with the Jamaican people, we can help to create a model, not only for the Caribbean Basin but also for the Western Hemisphere, and--I believe--for the Western World.

Thank you very much.

ADDRESS BY
THE HONORABLE EDWARD P.G. SEAGA
PRIME MINISTER OF JAMAICA
BEFORE
PERMANENT COUNCIL
ORGANIZATION OF AMERICAN STATES
WASHINGTON, D.C.
JUNE 19, 1981

Mr. Chairman,

It is a pleasure to have been able to accept your kind invitation to address you today. Your invitation is all the more welcome because it allows me to recall the last occasion in which I was directly involved in this Organization, at the meeting of the Inter-American Economic and Social Council in Caracas in 1970. On that occasion, Jamaica, as the most recent member, joined other member states in trying to organize the implementation of the consensus of Vina Del Mar.

That was some 10 years ago. You will agree that the economic and social issues that the consensus sought to address have not altered much in the intervening years. But the Organization of American States as a regional institution continues to exist. The principles of its charter are as pertinent today as they were then: the principles of sovereignty, equality of states; non-intervention; respect for territorial integrity; and the peaceful settlement of disputes. In the intervening years, your membership has increased with the coming to independence of several states in the English-speaking Caribbean.

At that time, fears were expressed that the admission of these countries would distort the true nature of the organization by their presence and dilute its true historical and social character.

With the expansion to include the English-speaking Caribbean, The Organization of American States has become a truly regional institution--reflecting all the conflicts, concerns and problems of the countries in the hemisphere. It has been resilient enough to accept these new states; but it has not responded adequately to the specific social and economic issues which confront member countries.

Latin America has taken bold initiatives, certainly more than has been the case in Africa and Asia, to promote subregional and regional cooperation for development. For example, the creation of institutions such as The Central American Common Market (CACM), ADILI, CARICOM, and, more recently, SELA, which embraces all independent Latin American states. We certainly possess the institutional framework within which we can accommodate the basic developmental strategies consistent with the aspirations of our peoples. We now face the reality that peace and stability in our region can only be sustained through economic development which brings about a visible improvement in the quality of life of our peoples.

Like the rest of the developing world, Latin America has to tackle immediately, questions concerning the transfer of resources for development, energy, food, external trade and the scope for increasing employment.

The 1970 decade witnessed unprecedented dislocations in the global economy: escalating energy prices; double-digit inflation; and enduring recessionary tendencies, exacerbated by the new protectionist measures employed by the developed, industrialized countries. We must be concerned about the fact that the potential for economic growth in the Latin American region during this period was more inhibited than that of any other group of countries in the developing world. The new relationships we need to establish with the developed, industrialized countries must provide the scope for change. Between 1970 and 1978, the terms of trade of the Latin American countries, excluding Venezuela, declined by 10 percentage points. If we exclude the oil producers and the newly industrialized countries for the Asian and African group, the corresponding decline in their terms of trade over the same period was only two percentage points.

The financial situation of Latin America shows an even more dismal picture: in 1979, for example, the net indebtedness of the Latin American Oil Importing Developing Countries (OIDC's) with external commercial banks was \$63 Billion, compared with that of non-regional OIDC's (Asia and Africa) of \$10 Billion.

Over the latter half of the 1970 decade, Latin America achieved an annual average growth rate of 5%. This figure masks wide disparities amongst countries in our region as well as wide fluctuations within most countries. In fact, in each successive year of the past decade, Jamaica has had negative economic growth and the norm for the smaller countries in our region was an average growth rate of 3% per annum. The 5% growth in GDP took place against the background of the situation where unemployment and under-employment in our region was the equivalent of 28% of the economically active population. Bearing in mind recent economic developments, it is likely that this situation has worsened. Clearly, we must plan to achieve and sustain

hemispheric growth and development, being always mindful of the need to ensure that this growth serves to bridge the social and economic disparities within our societies and amongst countries in our region.

In looking at the future and prospects for economic growth in Latin America, we must do so with confidence, while being cognizant of the real situation which confronts us. If we are to achieve a reasonable standard of living for the peoples of our region in the next 15 years, we would have to achieve a doubling in per-capita GDP over this period. This implies an annual growth rate of 7%. But the essential requirement, given the tangle of constraints which beset us, would be the achievement of a 25% increase over present level in the capital output ratio in the region. We must, as a region, re-double our efforts to ensure that these targets are met or are surpassed. The experience of the past decade constrains us to strengthen our representation of more equitable and mutually beneficial relations between Latin America and the developed industrialized countries, particularly North America.

In 1949, during the operation of the Marshall Plan, after World War II, the development/assistance co-efficient of the United States represented 2.8% of GNP, compared with 0.2% in 1979.

In 1972, concessional type loans to Latin America accounted for 19.7% of all external financial flows to the region. This declined to 8.2% in 1978. What is even greater cause for alarm is the increasingly burdensome nature of loans we contract from year to year. The terms and conditions of borrowing moved adversely for the developing countries in the latter half of the 1970's: in 1980 only 35% of borrowed funds was available for servicing imports and reserves. The remainder was spent for amortisation and interest payment on past loans. According to World Bank projections, assuming the same terms and conditions, only about 17% of these funds will be available for imports and reserves by 1990.

You will forgive me for looking specifically at the Caribbean and Central American basin of which my country is a part.

This region comprises 6½% of the population of the western hemisphere but only 1.2% of G.N.P.

The general index of international prices of the World Bank increased by 200% between 1970-79. If the prices of our major export commodities had kept pace with this increase the region would have increased its foreign exchange earnings by:

\$325 M for bananas
\$200 M for bauxite and
\$355 M for sugar to 1981.

The fact that we failed to achieve these levels shows the extent of deterioration in the real value of our trade.

Our chief problem, unemployment, is 15% of the labour force. To reduce unemployment to 5%, the level enjoyed by industrial countries, would require \$6 billion of capital investment.

Only to maintain unemployment at 15% requires \$1.8 billion per annum - a staggering 25% of G.N.P.

I have elsewhere elaborated the principal features of the Jamaican proposal for a Marshall Plan type operation for the Caribbean and Central American basin which would in summary double the existing level of transfer of official resources to achieve a target of \$3 billion.

At this level, the capability of the region to provide infrastructure would be greatly enhanced. An adequate infrastructure base is essential to attracting the additional investment flows to stimulate growth and employment to economically stable levels.

The vast majority of the countries in our region firmly believe that the public and private sectors are mutually reinforcing in the process of growth and development. We need therefore to secure more official financial flows to create additional infrastructural capacity. This is a necessary precondition if we are to attract the substantially higher levels of private investment consistent with the requirements for creating more productive capacity and employment opportunities.

At the same time, we must recognize that the onus and responsibility for our economic development lies chiefly on our own shoulders.

We have often waited for others to do for us what we should have done for ourselves. We of Latin America must be always ready to devise and examine new strategies to take into account our changing circumstances.

In this connection, we must encourage the efforts of President Reagan of the United States to mobilize greater resources for the region, not by acting the role of passive beneficiaries, but by actively demonstrating internally our own interest and taking appropriate steps to organize our collective thinking accordingly. If these efforts fail, we fail too.

We welcome the initiatives of Venezuela/Mexico and Trinidad and Tobago in putting in place oil facilities to assist the oil importers in Latin America. Their efforts to share their resources is a sterling symbol of co-operation all the more valued because they did not wait to be prodded into action. It now remains for others to match their action and their spirit.

My government notes with concern that The Special General Assembly on Inter-American Co-operation for Development, mandated since 1976, has not become a reality. Accordingly, I would exhort members here present to give due and serious attention to the report by The Group of Experts on Hemispheric Co-operation and Integral Development and the early convocation of this important meeting.

We have, as a region, committed ourselves to hemispheric co-operation for development. We have further committed ourselves to international co-operation for development through Economic Co-operation amongst Developing Countries (ECDC), within the framework of the U.N. system. In this context, I must pay tribute to the outstanding contribution of our sister country, Venezuela, and the unsparing efforts of Dr. Perez-Guerrero. We welcome the achievements at the recently concluded high-level meeting on ECDC in Caracas. In embarking upon related activities, we should be cognizant of the need to begin the process of co-operation at home here in Latin America. We must try to restructure Latin American relations with the developed industrialized countries and to make these relations compatible with intra-Latin American efforts to maximize the regional potential for development.

The thoughts I have shared with you today, about the economic and social development of our region, we see as best achieved within a democratic framework. It is only in

such an atmosphere, we believe, that a government can guarantee, and a people can enjoy, their inalienable human rights. We have never flinched from what we see as our duty to condemn violation of these rights wherever and whenever they occur. It is against this background that we will continue to support the work of The Inter-American Commission on Human Rights as central to the effectiveness and dignity of this organization.

The past 5 years have seen a shift of world attention to Latin America and the spotlighting of some of our problems. The decade of the eighties is likely to focus even more attention on the region, particularly if we not only grapple with our problems but dramatically mobilize to overcome them.

The task will demand a great deal of collective imagination and solidarity among us. With this in mind and against this background, the Government of Jamaica pledges its full support to the efforts of this organization.

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**THE 1981
I.M.F.
AGREEMENT
WITH
JAMAICA**

Statement by Prime Minister Hon. Edward Seaga to the House of Representatives on the Extended Fund Facility Agreement with the International Monetary Fund, April 24, 1981.

Members of this Honourable House will recall that last November I indicated that the Government had opened discussions with the International Monetary Fund for a three year Extended Fund Facility Arrangement. In a Press Release on April 1, I informed the nation that the Management of the Fund had recommended such an arrangement subject to approval by the Fund's Executive Board. It gives me great pleasure to be able to announce that the Board at its meeting on April 13 approved the Agreement. In this connection, I have the honour to table Ministry Paper No. 9 of 1981 containing the relevant documentation.

The Agreement with the International Monetary Fund provides for the purchase of the balance of Jamaica's first credit tranche of SDR 21.8 million and a new extended facility arrangement of SDR 477.7 million which will together provide SDR 499.5 million (approximately US\$650 million) over a three year period. In addition, the Board has approved an immediate drawing of SDR37 million (approximately US\$48 million) under the Fund's Compensatory Financing Facility which is intended to help to offset shortfalls in export earnings. The total amount available from the International Monetary Fund over the three-year period therefore amounts to approximately US\$698 million, or J\$1.2 billion.

DRAWINGS FRONT LOADED

Because of Jamaica's large balance of payments needs, the Fund has agreed to frontload the draw-

ings, that is, to allow a higher proportion than one-third of the amount available during the three-year programme to be drawn during the first year. Of the US\$650 million available under the Extended Fund Facility, 40 per cent or approximately US\$260 million can be drawn during 1981/82. This taken together with the US\$48 million available under the Compensatory Financing Facility will provide resources from the International Monetary Fund amounting to approximately US\$308 million during the present financial year.

The first drawdown under this facility will take place during this month with subsequent drawings being available after the end of each quarter subject to satisfactory compliance with the performance criteria agreed with the Fund as follows:—

1. observance of the limit on net bank credit to the public sector from the domestic banking system. This is intended to ensure that a sufficient share of domestic credit is available to the productive sector of the economy;
2. observance of the limit on the net domestic assets of the Bank of Jamaica which aims at keeping under control the extent of inflationary credit creation by the Bank of Jamaica.
3. achievement of the targets for the net international reserves of the Bank of Jamaica. This test provides for some improvement in the balance of payments performance over the first year as a whole, while making some provision during the sub-periods for the expected unevenness of the foreign loan inflows;
4. observance of the limit on new external borrowing, both direct and guaranteed, by the Government. For the financial year 1981/82 there is a limit of US\$60 million for loans with maturities of up to 5 years and US\$130 million for those up to 12 years. There is no limit for loans with maturities exceeding 12 years. Furthermore, the ceilings do not apply to loans from foreign governments and their agencies or from multilateral lending institutions. Loans to re-

finance existing debt obligations are also excluded from the ceiling;

5. observance of the obligation not to introduce multiple currency practices or to introduce new restrictions on payments and transfers for current international transactions.

PERFORMANCE CRITERIA

Details regarding the performance criteria which I have outlined are set out in the Technical Memorandum of Understanding which forms one of the Appendices to the Ministry Paper which I have tabled. Members can study the documents in greater detail at their leisure.

I would first like to say at this stage that none of the performance criteria are new to us. Attention has usually been centred on the first three, namely, Net Banking System Credit to the Public Sector, Net Domestic Assets of B.O.J. and Net International Reserves of B.O.J. While there is never any certainty in advance of passing any test of this type, we believe that in the present circumstances of the economy a reasonable degree of flexibility has been provided. A new feature which we regard as advantageous is that the Net International Reserves Test which used to be a "spot test" measured on the last day of the quarter, now like the others has a "running ceiling" so that, within limits, we have some degree of flexibility regarding its timing. We have also managed to negotiate some modest degree of adjustment to the targets where foreign loan inflow fail to materialise in time.

I will not go into any great detail regarding the economic policies which the Government will pursue as these are spelt out in the Economic Policy Memorandum of the Government which has been tabled and will be further elaborated in specific policy pronouncements both before and during the forthcoming budget presentation. However, I will outline the important features.

EXCHANGE RATE

In the first place, the Agreement makes no provision for any change in the exchange rate. It is agreed that our exports are now generally competitive at the existing exchange rate. However, in order to be able to continue to maintain competitiveness it is absolutely essential that inflationary pressures be contained so that our price level does not increase at a rate which is out of line with that of our trading partners.

PAY POLICY

As far as pay policy is concerned, we are dispensing with quantitative wage guidelines which proved to be an irritant in the past and which tended to provide a floor from which pay negotiations started. Instead, the relevant parties will be encouraged to settle claims based on the ability of the enterprise to pay having due regard to factors such as impact on prices and the ability of the enterprise to generate surpluses to expand production and thus create additional employment opportunities.

Where the parties to an industrial dispute are not able to arrive at mutually acceptable terms the Government will provide proper conciliation and arbitration mechanisms but will not interfere with agreed awards. In order to ensure that the Government's role in this regard can be pursued effectively, the conciliation machinery of the Ministry of Labour as well as the Industrial Disputes Tribunal will be strengthened.

As far as the public sector is concerned, public enterprises which are not supported by current account transfers from the budget, will negotiate pay adjustments based on the ability to pay criterion already mentioned. With regard to employees of the Central Government and public enterprises which are supported by current account transfers from the budget, pay awards will be based on a three-year pay plan which is subject to the availability of budgetary resources.

The Government wishes to emphasize that the absence of quantitative wage guidelines is not a signal for the abandonment of restraint. It is hoped that moderation and good sense will prevail. While inflation is continually being imported any attempt to maintain real income levels by raising wages at a faster rate than productivity increases simply serves to compound the inflationary pressure. Furthermore, if wage increases are such as to prevent the accumulation of surpluses for new investment, we will never be able to come to grips with unemployment which is one of the most intractable problems.

PRICES POLICY

As far as prices policy is concerned, controls will be retained for essential commodities particularly those which make up the staple diet of low income groups. The subsidy on the basic basket of commodities will be maintained at the nominal level which prevailed in 1980/81. Of the 60 items now subject to price controls, 18 will be decontrolled and the prices of 12 other items now under specific controls will be adjustable on notification to the Prices Commission, unless there is formal objection. The controls will continue to apply to sensitive items and will be rigorously enforced. The monitoring of prices will also continue where there are monopolistic or oligopolistic relationships which could lead to price increases which are regarded as unreasonable.

FISCAL BUDGET

With regard to the fiscal budget, the Government is committed to prudent financial management which will be geared to achieving a surplus on current account by the end of the three-year programme. During fiscal year 1980/81 the deficit on current account amounted to 5 per cent of GDP which is a very, very high level. The programme provides for a deficit of 3½ per cent of GDP during 1981/82 improving to a surplus of at least 1 per cent of GDP by 1983/84. This does not mean

that there will be any absolute reduction in the level of expenditures. What it does mean is that revenues will have to increase at a faster rate than current account expenditures as well as in relation to GDP. The revenue collection machinery will have to be improved so as to bring in the revenue arrears owed to the Government.

In due course there will also have to be modifications to the tax system to introduce more buoyancy so that revenue does not continue to decline as a proportion of GDP. Furthermore, we cannot continue the system where the Government has to borrow to meet recurrent or house-keeping expenditures. By the end of the three-year programme, we have to be in a position where current (house keeping) expenditure is met out of current revenue and there is a surplus on current account which can be applied towards the capital budget.

CENTRAL GOVERNMENT EMPLOYMENT

I wish to point out that during 1980/81 compensation to employees in central government represented 76 per cent of tax revenue and 61 per cent of current expenditure excluding interest. Any policy for restraining current expenditure in order that revenues may overtake expenditure has to come to grips with this reality. Inevitably, the restraint on current expenditures means that the Government must develop a three-year pay plan to deal with compensation to employees since this constitutes over 60 per cent of current expenditure. This three-year pay plan must nevertheless attract and retain skilled personnel. As a further means of controlling current expenditure the number of employees presently employed will not be increased and subject to the need to maintain operational efficiency, existing vacancies and those arising from resignations will not be filled. The Ministry of the Public Service will undertake audits of each Ministry and Department to help determine optimum staff levels beyond 1981/82.

These policies will contain expenditure without any programme of lay-offs in the Civil Service

(which would only further aggravate unemployment). It must be understood that it is a matter of financial survival to restore a surplus to the current account by 1983/84 as the economy can no longer bear the burden of massive loans to finance housekeeping deficits; the policies set out above are the least painful combination to achieve this. The alternative is massive lay-offs.

COMPLETING THE FINANCIAL PACKAGE

While external financial support for the Government's budget will be significant in the first year of the programme, reliance on external financing must be reduced in the medium term and support from the domestic banking system must be restrained in order to release a significant portion of domestic financial resources for the productive sector upon which economic growth and recovery will depend.

As I indicated in my statement of April 1, the completion of the IMF Agreement paves the way for completion of the remainder of the financial package which is necessary both from a budgetary and a balance of payments viewpoint. There are two aspects to this: the first is in relation to the commercial banks which are considering both a refinancing package and the provision of incremental resources. The Steering Committee of commercial banks has agreed in principle to the deferral of just over US\$100 million of debt becoming due over the two-year period 1981/82 and 1982/83. They are also recommending to the eighty plus banks concerned that an incremental amount of US\$70 million be provided during the present fiscal year. Presentations have been made to bankers in a number of countries and a successful outcome is envisaged.

The other part of the package has to do with the contribution of the multilateral institutions (such as the World Bank, the Inter-American Development Bank, the Caribbean Development Bank and the OPEC Fund) and the group of friendly countries which operate under World Bank auspices.

The aim is to secure about US\$450 million from these sources during the present fiscal year. At a meeting of the group held in Jamaica on March 11, about US\$350 million of this amount was pledged and it is expected that the remainder will be committed when the group has its next meeting in Washington during June. This will round off the financial package. However, even after the resources are pledged there are certain necessary formalities which have to be gone through before the funds become available. The extent of the lag will depend on the source of the assistance and the form in which it is being made available. It is likely that the rate of inflow will be somewhat uneven.

BRIDGING FINANCE

In order to adjust for this factor, the Government will be attempting to secure some bridging finance which will help to even out the flows. This bridging finance will enable an earlier start to be made in the clearance of arrears than would otherwise be the case. At the moment arrears in respect of imports of goods and services are in excess of US\$100 million and under the terms of the Agreement there is an obligation to reduce this figure by no less than US\$80 million during the first year of the programme. The earlier we can begin to clear the arrears the sooner we will be able to recover the trade credits which we have lost over recent years because of our inability to meet import payments on schedule.

SPECIAL ACCOUNT FOR APPROVED IMPORTERS

In order to facilitate the flow of imports the Government has also decided to take steps to facilitate tapping of the resources of the informal foreign exchange market. It will be recalled that last November steps were taken whereby importers holding "No Funds" licences could be indemnified against prosecution under the Exchange Control Act so as to facilitate access to the "off-

shore dollar". Further liberalization is now to be undertaken. Under the new scheme, persons who are certified as approved importers by the Bank of Jamaica will be granted permission to maintain and operate in a commercial bank in Jamaica an account in foreign currency designated "Special Retained Account". The "approved importer" will be allowed to use this account to make payments for goods imported into Jamaica under certain specified conditions and for service payments authorized by the Bank of Jamaica. These accounts will be strictly monitored by the Bank of Jamaica to ensure that they are used for the purposes for which they are intended, that is, to increase the flow of imports of non-restricted goods into Jamaica and to facilitate legitimate service payments.

RELAXED IMPORT LICENCE REQUIREMENTS

As a companion measure, the licensing requirement will be dispensed with in respect of import transactions, other than goods on the restricted list (soon to be published), which are being financed through the informal foreign exchange market rather than the Bank of Jamaica. In a similar vein, imports financed through the Export Development Fund will require only the completion of a simple form for record keeping purposes.

All goods on the restricted list as well as those not on the list but for which official foreign exchange is being sought will continue to require licences.

The Government is committed to a progressive liberalization of import restrictions and ultimately to the elimination of all licensing requirements. The existing system cannot, however, be dismantled at once. In addition to the exemptions from licensing just referred to, steps are being taken to simplify the administrative procedures, eliminate bottlenecks, and speed up the processing of licences. A more detailed statement regarding the import licensing system will be issued within the next few weeks.

STATE TRADING CORPORATION

In keeping with our commitment to avoid excessive regulation of the economy, the operations of the State Trading Corporation will be restricted to purchases under commodity assistance programmes of foreign governments and to bulk purchases of commodities through international tenders yielding price benefits to consumers. Other food items and building materials will be left to private distributors, provided that imports are contracted through a tender process monitored by the Corporation.

AGRICULTURAL COMMODITY BOARDS

It is also the intention to re-organise agricultural Commodity Boards so as to maximize returns to growers and permit the latter, if they wish, to market products independently of the Boards as an incentive to expand production, subject to control of quality and packaging standards as well as the monitoring of foreign exchange receipts from such sales.

INCREASING EXPORTS

I wish to repeat what I have stated on many occasions, namely, that the country cannot solve its balance of payments problems by borrowing but only by increasing its exports of goods and services at a much faster pace than the growth of imports. Primary emphasis will therefore be given to the promotion of exports and tourism. The resources of the Export Development Fund are being increased to enable it to supply the raw material needs of non-traditional exporters and priority will also be given to raw materials and spare parts of traditional exporters.

A census of exporters is now being carried out which will identify the capabilities of the sector with a view to setting appropriate targets for expansion of output over the next few years.

As you are aware, the economy has experienced a decline in production every year since 1973. The Government inherited an economy which by

almost any criterion is in a severely depressed state. Investment has declined in both the public and private sectors of the economy, the total decline showing a fall from 25.5% GDP in 1972 to 17.6% in 1979. Utilization of manufacturing capacity is now below 40 per cent; hotel capacity is at 45 per cent of capacity; utilities and other government services have deteriorated sharply. Inflationary pressures have been very strong and unemployment continues to be very high.

The prime cause of the deterioration in the economy has been the severe shortage of foreign exchange which made it impossible to provide adequate levels of imports of raw materials, spare parts, food and equipment to sustain economic activity.

FOREIGN EXCHANGE BUDGET

The Foreign Exchange Budget for 1981/82 has been prepared on the basis of adequate funding for these essentials, based on the levels determined after discussions with relevant organisations. On this basis US\$1,554 million have been allocated for imports in 1981/82 as compared with US\$1,270 million in the previous year, an increase of 22.3%.

This substantial increase is considered essential to provide the goods and services required for a smooth functioning economy. I wish to make it clear that the requirements of the US\$1,554 million import Budget as set out are projected to be met from Foreign Exchange earnings or inflows at the official rate of exchange, except for 6% which are expected to be financed by "no-funds" permits at the unofficial rate. The encouragement of the use of "off-shore dollars" is to attempt to gain a further benefit beyond the US\$1,554 million of imports of additional goods and services of lesser priority flowing into the economy by converting to imports "off-shore dollars" flowing out of, or already out of the economy.

The priority objectives will be to promote economic activity and reduce the level of unemployment as well as to return existing services and

social and economic infrastructure to levels of efficiency which will support economic growth.

The strategy will be in two parts; first to put unutilized capacity to work with the emphasis on those sectors that will produce quick and substantial incremental foreign exchange earnings; secondly, to initiate adjustments in industrial and agricultural policies so as to provide a new dynamic and motivation for expansion of production and employment. The first will readily flow with the availability of foreign exchange inasmuch as the will to produce and confidence in the future have returned to the productive sector. The second requires much more fundamental action which will be dealt with in the presentation of the Budget.

GROWTH OF THE ECONOMY

We propose to make the fiscal year 1981/82 the year when the economy gets back on to a growth path. We are aiming for real growth of 3 per cent during this financial year with targets of 4 per cent for 1982/83 and 5 per cent for 1983/84.

While the turn around can begin through utilization of existing capacity, growth in future years will depend heavily on new investment activity in the economy. We are therefore adopting measures which will promote private domestic and foreign investment in a major production effort. There will be some reduction of the activities of the public sector in industrial and commercial operations to enable a complementary increase in public programmes emphasising social and economic infrastructure. Fiscal and monetary policies will be so implemented as to ensure that an appropriate share of national resources is correspondingly available to the productive sectors.

As I have indicated, the deterioration of the economy in the recent past has been partly due to the inability to generate sufficient foreign exchange; this created a disrupting flow of goods and services and frustrated economic functioning. The I.M.F. Agreement takes steps to bring about

considerable improvement in this situation and our other efforts to complete the foreign exchange package are as a result, meeting with success.

PRODUCTION

However, while the provision of foreign exchange is a necessary condition for the start of economic recovery, it will not by itself solve the problem. The foreign exchange has to be transformed into production which can provide the earnings not only to service our existing debts but also to gradually reduce the need for new borrowings in the future. It has to be remembered that while we will be borrowing very heavily during 1981/82 our payments in respect of oil and external debt payments — after allowing for special oil credits and some re-financing — will amount to approximately US\$800 million. Unless we constrain consumption within affordable limits and give the highest priority to production, especially for export, we will not begin to solve the associated problems of economic deterioration, a weak balance of payments and high unemployment.

IMF AGREEMENT POSITIVE

This Agreement with the International Monetary Fund has been characterised by me as a "positive" one.

It does not contain any provision for

1. devaluation of the Jamaican dollar;
2. cut-back on public sector employment; or
3. curtailment of specific programmes.

All these were features of previous Agreements between the I.M.F. and the Government of Jamaica.

The elements of economic adjustment provide that effective stringency be applied to recurrent expenditure so that over a three-year period revenues can catch up with expenditure (after years of spending what we did not have). This was the single most damaging fiscal factor in the economic deterioration of the past five years.

To restrain recurrent expenditure, wage restraint in the public sector is inevitable, inasmuch as compensation to employees accounts for 76 cents of every dollar of revenue. The public sector, therefore, and public enterprises supported by the Budget will be subjected to a three-year Pay Plan.

In public enterprises not dependent on Budget support and in the private sector, wage settlements are to be guided by "ability to pay" having due regard to such factors as the impact on prices and the ability of the enterprise to generate surpluses to expand production and create employment.

The second area of adjustment which impinges on the fiscal programme is the limit on Bank Credit available to the public sector. This is to enable sufficient Bank Credit to be available for private sector development.

Indeed, it may be said that this Agreement is geared towards adjusting the economic climate to enable the productive sector to perform effectively.

Hence,

1. the de-regulation of import licensing bureaucracy with certain categories of imports requiring no licensing;
2. the liberalization of food imports (up 54% over last year) to satisfy demand so that competition can erode the black market and enforce price restraint; and concurrently with this the relaxation of price controls on less sensitive items;
3. the significant increases of allocations for raw materials, spare parts and capital goods (up 46% over last year) to give the productive sector the basis for early restoration of production and employment;
4. the encouragement to "off-shore dollars" to re-enter the economy as further imports of goods and services instead of flowing out of the economy, and the relaxation of Exchange Control legislation to permit this, by approving the holding of dollar accounts (Special Retained Accounts) in Commercial Banks for approved importers;

5. the elimination of restrictions which directed the exports of agricultural crops through Commodity Boards. This will enable growers to seek better markets where they can, subject only to monitoring of quality and foreign exchange earnings by the Commodity Boards.

In all this emphasis on de-regulation to permit the productive sector to perform the greater emphasis will be on elimination of disincentives for Exporters of traditional and non-traditional goods to maximise their incentive for performance.

The negotiation of this "positive" Agreement took longer than the time-table originally programmed to reach concurrence with the I.M.F. for the good and sufficient reason that we are embarking on a new course in which recovery is to be led by positive motivations rather than negative regulations.

CONFIDENCE

To argue this course successfully, we have been bold enough to pledge that the people of Jamaica will respond to incentives rather than restrictions, and that given the incentive of a hospitable political climate in which to produce a viable economic future, they will spare no effort to initiate and create a resurgence of prosperity.

And they will do so with greater effort yet having regard to circumstances of the recent past which dictate that this time they dare not fail.

Five months ago the people of Jamaica placed great confidence in us as a newly elected Government; we in turn have struggled to successfully persuade the international system that we can with confidence call on our people to rebuild and restore the economic buoyancy of our country; to generate the new growth out of which will come new employment; and to build the better life of new opportunities and better standards of living.

The international system in this and other financial Agreements being concluded as a part of this package of economic recovery, has responded by

giving the people of Jamaica its support on the strength of our confidence in our people and their confidence in us.

May we not fail each other and our friends. May we strengthen the communion of faith and hope which binds us with a determination to show the world by our toil and sweat that this little country once buried in the dust and the ashes can yet be a pearl on the necklace of success.

AGREEMENT – A FIRST STEP

The conclusion of this Agreement is but the beginning of the task of recovery. It is the first step of the new arrangements to finance our economic recovery.

The Government has always said that this was the first priority.

After this we go on to conclude the remaining negotiations for refinancing so as to meet our full financial requirements for the year, a programme which is in the final stages of discussions.

The task, thereafter, to which we must all turn our efforts is to harness both the public and private investment programmes which are now before us to produce growth, employment, better services, stability and improved standards of living.

Our programme is deliberate in its design, and determined in its action. It is directed to a planned destination.

Mr. Speaker, I would not wish to close without paying special tribute to the team, led by the Financial Secretary, who along with officers of the Bank of Jamaica and Ministry of Finance carried out the long and arduous negotiations with the IMF.

It may not be possible to fully convey commendation but, on behalf of the Government, I want to express our deep satisfaction for a job well done.

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EXCERPTS OF MAJOR ADDRESSES

BY

THE HONORABLE EDWARD P.G. SEAGA
PRIME MINISTER OF JAMAICA

Topic

Private Investment and Trade Flows for Development
in the Caribbean and Central America

Address

IV Miami Conference on Caribbean Trade Investment
and Development

November 23, 1980

Topic

A "Marshall Plan" for the Caribbean and Central
America

Address

Sixteenth Annual Meeting of the Council of the
Americas

December 5, 1980

Topic

Solidarity and Fraternity Among Parliamentary
Democracies in the Inter-American System

Address

Commencement Address, University of Miami

May 5, 1981

Private Investment and Trade Flows for Development in the Caribbean and Central America

There is a crucial requirement for economic support to bolster the Democratic Systems of the region which must be urgently examined. Delay means deterioration and strain on the Democratic Administrations which have not elected to follow the Cuban model.

The nature of this assistance is important to any consideration of its magnitude.

Caribbean economies are largely private sector oriented. This means that the dynamic sector which produces most of the real growth is the private and not the public sector.

Aid flows go to the public sector. They are vital to establish the infrastructure for development and other types of essential financing not generally available in the market place.

But aid flows to the public sector are comparatively small in relation to the size of investment packages needed to create meaningful growth. Increases in aid are essential to any framework of new policies because of the type of funds which aid provides and the purposes for which it can be spent.

But such increases as increments on already small packages are still likely to be small aggregates, compared to need.

The only source of big financing are private investment inflows which, aside from magnitude, reach the sectors which generate most of the productive growth.

A Caribbean policy should therefore move beyond the usual question of aid flows only, to examine how to induce greater private investment flows and in a manner sensitive to national needs and feelings.

Moreover, many Caribbean economies are exhausting the value to be earned from the strategy of import substitution to improve foreign exchange balances. These economies have already established much of the range of industrial production on such imports as can be domestically produced. Others are too small to sustain this type of industrialization at all.

The dominant strategy of the eighties, therefore, will have to move in a different direction - a dynamic export thrust to earn foreign exchange.

This thrust can only mean increased trade - new exports with some flow-back into new imports to enlarge the two-way traffic in trade.

A Caribbean policy to be meaningful must examine the means of accommodating increased trade and particularly the tariffs, quotas and preferences which can induce greater exports and the return flows of the import trade.

Investment interests can best serve the interests of the region by projects which stimulate the Caribbean export trade. Agro-industry, garment manufacturing, wood and metal fabrication, electronic components, horticulture, mining and tourism are representative of this range.

A "Marshall Plan" for the Caribbean and Central America

... private flows are very important, and, in fact of major importance; but they are not enough. They must be accompanied by increased public flows. Because the public flows are the flows which provide the funds for development of infrastructure. Infrastructure does not come from private development. And if the roads, the rail systems, the communication networks, and all the other infrastructure necessary for the private sector to operate efficiently are not there, then this is a frustration to all private opportunity and development.

At present, there is a transfer of \$1.3 billion in public flows multilaterally and bilaterally to the Central American and Caribbean region annually. If this could be increased to \$3 billion, it would make a very meaningful impact by increasing the resources available to these countries to enable them to put in the greater infrastructure necessary to accommodate the greater sector flows that can take place.

Specifically governments of the region - have already taken that decision, and have put up \$800 million in increased funds available for financing the possibility of a total flow towards a \$3 billion package. These three countries are Venezuela, Mexico and Trinidad and Tobago, the oil exporters of the region. They have, in fact, gone halfway towards providing \$1.7 billion and, if one should add to that a further \$100 million which I believe is capable of being put up by other major economies in the region, which I will not name, then it may be said that the region can be satisfied that it has put up more than half of the total amount that is needed. This will put the region in a position to say to the rest of the world: 'Now, what about you?' Can the rest of the world, certainly the industrial world, having far greater resources, match this by putting up the remaining \$900 million dollars to make up the package?

One can break down this remaining \$900 million into \$400 million from North America, \$300 million from Western Europe and Japan, and \$200 million from the multi-lateral institutions such as the World Bank and the Inter American Development Bank. I think it is an entirely feasible and practically possible. These sums are small increments on existing packages to put up in order to able to provide a total package of some \$3 billion for this highly troubled, sensitive and fragile area.

This is the basis of the proposal which I have called a Marshall Plan operation for the Caribbean.

The existing mechanism established by the World Bank which annually assembles many donor countries for the purpose of contributions to assist this region, can be expanded to include the other multi-lateral institutions such as the Inter-American Development Bank, to include the Central American countries not now involved as beneficiaries, and to include other donor countries not yet involved. The machinery is already in place. All that remains is the will to be able to come to grips with the area by treating it as a part of your front burner situations on the stove in the State Department.

Solidarity and Fraternity Among Parliamentary Democracies in the Inter-American System

Notwithstanding the variety of language groups, the different cultural environments, there is a Caribbean political system, conceived in the Parliaments of Europe, gestated over 400 years of tropical experience, and born out of the nationalist drives for self-rule and independence and based on the principle of one-man, one-vote.

These parliamentary democracies have had four decades of testing at the ballot box. They have time and time again balloted with regularity and decision. The system has worked in 28 of the 32 Caribbean States without fail over this period. In fact, until recently, it worked in all but two, Grenada and Surinam being the recent exception.

The vitality of the system may be taken for granted by those who live in countries where democracy is presumed as a fact of constitutional life. But this vitality cannot be really appreciated without taking into consideration the size of the national units involved.

Some 20 of these states have populations of less than 200,000 people, several of which are less than 50,000 and some as small as between 6,000 and 15,000.

In land mass, nearly 20 states in the Caribbean group can be comfortably accommodated together in the Everglades.

The pertinence of these factors of population and geographical magnitudes is that they belie what the textbooks tell us. According to the authorities, vibrant democracies cannot exist in mini-states. The integrity of the democratic system, we are told, rests on the ability for arm's length relationships in order that decisions can be made in the manner dictated by the system and not by the person.

In mini-societies where most people know most other people and a great number are inter-related, how much impartiality can be expected if personalities and friendships come into play, the texts have argued?

But in the smallest of these societies we have made the system work. When the Turks and Caicos Islands, populated by 6,000 persons, sadly lost its Chief Minister

in an air crash last year, it summoned the electorate and calmly elected its opposition party by a margin of 8 to 3.

The island of Dominica, only two and a half years an independent nation, suffered in quick succession two massive blows by hurricane David and Allen which wiped out its chief export earner and 80% of its housing. Worse than that, it suffered a political hurricane of internal dissension which led the people to lock down the country with islandwide strikes to back their demand for new elections. And what was the result against this background of devastation in a country with a defence force of only 30 men? Not revolution, but a deliberate, constitutionally-held election which mandated the opposition party by a margin of 20 seats to 1!

In my own country, Jamaica, a pre-election period of 9 months, as against the normal two month period, led to a prolonged bout of political strife which was bordered on civil war. With all this, the electorate went to the polls and elected the then opposition, which I led, by a landslide margin of 51 seats to 9.

The misconception is that these "believe-it-or-not" political events are not supposed to happen in small democratic societies. The preconception is that the "Banana Republic" is the political norm and democratic systems are the pretensions of idealists.

But the true conception is that the parliamentary political system works with the same vibrancy in these infant nations and mini-states (as they are by and large) with the same reliability over the past 30 to 40 years as it has worked in its birthplaces in Western Europe and North America over the past 300 to 400 years.

It can be said with validity that nowhere else in the world does a conglomeration of parliamentary democracies exist as it does in the Caribbean; no other geographical sphere can attest to 28 practicing democracies; not Africa, nor Asia, nor Latin America, nor even Europe and North America.

Whatever the common design of parliamentary democracy in the Caribbean, it has little by way of common cause. The strength of 28 practicing democracies are largely individual strengths. There is little collective support.

Distance, individuality and other factors 20 years ago determined that there should be no political union in the English Speaking Caribbean which comprises two-thirds of the States. But nothing of a more practical nature has since been conceived to fill the void.

The matter is more pertinent today than ever before because other political systems are now penetrating the region.

Member parties of the Socialist International act with common cause and with collective strength. Yet the dominant ideological theme of the Caribbean States exists as a commonality of interest but no solidarity of action nor fraternity of fellowship.

In other words, like-minded parties have no like-minded design for action nor association.

The reasoning is based on a Caribbean misconception that individual strength is sufficient to maintain a successful party system.

The misconception goes further: Alien Ideologies, it is said, cannot infiltrate the political system; "it cannot happen here" is the familiar vow.

But it has happened! Alien Ideologies have penetrated the political system of the Caribbean. At first the success was marginal, then it grew stridently, led by the advocacy of Jamaica. It was only after a protracted struggle against the alien system, in which Jamaica again played a lead role, this time on the other side, that the political will of the people was summoned to decisively defeat the intruders.

Many lessons should have been learned from this struggle, which was enacted in a more vicarious manner in several other electoral contests in the region during that period.

The most important of these (lessons) is no doubt the need for greater solidarity and fraternity of like-minded political parties in the region, because the misconception that political infiltration "cannot happen here" has been proven wrong, and the preconception that the democratic

system is able "to take care of itself" is equally false. The valid conception is that the infiltrators have lost the battle but we have not yet totally won the war.

The question which I pose, therefore, is: are the like-minded parliamentary democracies of this region so individually strong that we can afford to be collectively aloof in dealing with each other?

It would be a further misconception to accept that view.

Would not a solidarity movement of like-minded parties in the Inter-American system be a common bond of strength, or are we to assume that the Inter-American system cannot forge this bond and any linkages must be with external movements?

To my mind it would be a confession of political collapse if this were so.

I prefer to think that this region has not yet addressed the question of broader party solidarity and I raise my concern at this point to speak to this lapse of attention.

There is no more certain time than now for the Caribbean and North America to speak with a strength of conviction on its common political beliefs against the background of the dramatic political decisions taken within the Caribbean system within the last year.

There is no more propitious time than now for the like-minded political parties of the Inter-American system to strengthen the democratic struggle with fraternal relations and solidarity support.

We misconceive the moment if we conceive no need to foster this movement now.

It may seem that the matter on which I have addressed you, misconceptions of the political parliamentary system of the Caribbean, is an esoteric one. Standing alone, it may be so considered. But, in fact, this presentation is the third and last of a three state model on Caribbean development policy on which I have been actively speaking. Indeed, it may have some meaning too for the larger issues of the north-south dialogue between the developed and developing world.

It so happens, however, that the Caribbean is almost exclusively a system of parliamentary democracy, and since politicians are invested with the executive authority to implement programs, the party machineries through which they function must be incorporated in any planned strategy as the policy mechanism which will decide or reject change.

The proposed inter-relationship of the like-minded political parties in the Inter-American system is not designed to frustrate but to encourage change based on the inter-flow of ideas and experience to implement successful change and orderly change.

In short, it is to promote change by reforms within the system in order to build the new society, in sharp contrast to those who actively advocate that the only meaningful change is to wipe the entire order away for the New Jerusalem to be built.

That is not change - it is chaos disguised as change to a political system which the advocates dare not identify.

To ensure that hope survives and that change means orderly reforms in the Caribbean system, I submit that the party political systems of the parliamentary democracies in the region must develop a fraternity of fellowship and a solidarity of action to enable their commonality of interest to be pursued to the maximum benefit of the cause.

It has been two decades since the Peace Corps was established by the late President John F. Kennedy, in 1961. In that period, a new dimension of international relations has emerged which has created a chain of people to people links around the world of immeasurable strength and character.

The world of international diplomacy has produced its emissaries and negotiators directed to officially important tasks. To the world of the Peace Corps, international agreements and conventions are stratospheric arrangements, beyond the preception of the humble folk with whom they toil. In this world of ordinary problems and ordinary folk, helping to build a water tank, teaching farmers in the field, bringing literacy to the unschooled, are mightier messages of international friendship than the treaties and concords which resolve conflicts and hostilities between states.

80,000 volunteers have, in 20 years, become missionaries to a common cause, helping people to help themselves. In any single month the Peace Corps affects the lives of more than one million people in 60 different countries.

In a sense the greatest tribute that can be paid to achievements of the past 20 years is that the work of the Peace Corps has been a cumulative aggregation of international goodwill, devoid of the scars of controversy and hostility which have inevitably degenerated the most careful plans. This unblemished success can only mean that in the design of the Peace Corps a unique formula emerged, defying social law, equivalent to an international-friendship perpetual-motion-machine. That formula is in fact the theme of my address.

International relations founded on programmes of international assistance are traditionally based on the premise of an investment of capital, technology, or access to markets. The Peace Corps took the non-traditional route: it is an investment of people in people.

When this concept was formalized and initiated with the birth of the Peace Corps it gave rise to the first international middle level manpower conference. The conference was held in Puerto Rico and presided over by Vice President Lyndon Johnson in 1963. I had the honor to attend that conference as the Minister responsible for the Peace Corps in my own country. That conference spawned many more international volunteer movements which in turn increased the flow of volunteers across the world. the impact of this on the development process soon became evident.

In most developing countries, rural areas lag substantially behind urban areas in the level and rate of development. The rural sector, already lacking in the capital and technology concentrated in the urban sector, face a continuous stream of rural skills migrating to towns and cities. Without skills, neither capital nor technology can be productively used. The result is further retrogression in the low growth sector, spurring more skills to migrate. Unless this cycle is broken, national development strategy becomes in the main, an urban development process; yet few developing countries have been able to create a dynamic development thrust in their rural sectors, and the reason in good part has been lack of skills.

The Peace Corps, it may be said, was the first international movement to penetrate this barrier. The volunteers reversed the flow of migrating skills, adding a dynamic dimension of human resource to the impoverished rural sectors of many many countries.

More than that was accomplished. The investment of people in people, in the case of the Peace Corps, broke through the tough social and psychological barriers of race, color, class and creed. Christians served with pagans, blacks with whites, anglos with indians, management with workers, demonstrating that the improbable was possible, and along the way releasing from the bondage of prejudice a new people force.

The significance of this strategy was not merely a symbolic breakthrough of social barriers. It gave reinforcement to the neglected development strategy of building from the bottom up rather than from the top down.

Yet this is easier said than done. Consider the prototype industrial development - high capital cost, reliance on technology, available skills, - a relatively easy marriage of resources. As the development comes on stream from this top level mix it involves at the bottom the skilled worker who is trained to watch a machine and pull a lever when a piece of metal is in place, or to sew two sections of cloth together and pass them on in a process which will eventually become a shirt: or to assemble components fabricated elsewhere to produce a radio, and all this on regular hours in a building sheltered from sun and rain.

Consider now the reverse process, the agricultural prototype development of small land units which is the occupation of 40% to 80% of the population in the developing world.

Here the task begins, not ends, with the worker - the farmer in the building process that moves from bottom to top.

Generally, he is on the average, middle or past-middle age. He left school over three decades ago with low level literate and numerate skills. His existence depends on a relatively low yield production scratched out with hand labor and primitive tools exposed to the blazing sun and driving rain.

Primitive as this may be he is expected to master a wide range of skilled knowledge. He must be able to identify soil types, apply techniques of planting or husbandry, protect what he grows or rears from insects, pests and fungus, conserve and protect his land, and reap at the right time with the right skills, less whatever perishes from drought, disease and rain. Hopefully at the end, he will find a market place able to offer him a cash return, subject to market gluts which he cannot forecast.

I submit that this development process requires far greater skills than the matching of sections of clothing for a straight stitch operation, or the fabrication of wooden or metal components, or the filling of cans or bottles on assembly line. Yet the skilled have migrated to the unskilled jobs, leaving the unskilled to master the skilled jobs.

Any development strategy building from the top down is the easier option, but in the terms of population reach it has direct impact on the lesser not the greater part of the country. It is for that reason that my government proposes an ambitious and far-reaching attempt to assault this problem. It is our intention to programme a comprehensive rural development, the basic elements of which are being put together at this stage. It will be a major structural adjustment programme spread over some fifteen years. But we are not in any doubt that the success or failure of this ambitious project will ultimately turn on the extent of skills available to mobilize and train the rural people.

The term "training" of course sounds very academic and has a built in obstacle for those who have practical rather than academic background, but in the rural sector, depleted of skills, the mastery of any vocation is a technical proficiency.

If you will pardon me for making one more reference to my country and to our plan for rural development, let me tell you how we plan to mobilize and train middle level and lower level skills.

Recognizing that in many cases most expenditure is invested in hard structures, we decided to set up day training camps in tents to instruct in a variety of lower-level and middle level skills; for agricultural projects we will train young people to bud, graft, circumpose, spray, prune, harvest, detect disease and contour land. Different people will learn different skills from this list and become specially trained in their fields. This training will be theoretical and practical; hence a second reason for tents, to allow the mobility to fold the tents and shift camp to a citrus field or coffee farm, or banana plantation.

Another set of training centers will concentrate on vocational skills in building construction, crafts, the hotel industry, moving from place to place as the training need arises.

We call these "Talent Centers" because we believe that even the non-literate dropout has a hidden talent to use his hands. The objective is to reverse the process of human decay by converting the under utilized resource of the unskilled to a practical and productive application leading to a better life. Twenty-five of these "Talent Centers" will be set up in Jamaica this year, all under tents, training nearly 2,500 trainees.

All this is relevant to the Peace Corps in the sense that it defines a practical scheme for Peace Corps involvement which could occur in any of many countries and which serves to illustrate the levels at which volunteers can serve.

If I may trespass into the realm of policy the question may be asked--does the volunteer serve as:

- 1) A front-line worker who buds, circumposes, sprays, detects disease, practices carpentry or ceramics, etc;
- 2) As a trainer of 50 trainees in any of these skills;
- 3) As an instructor of 20 trainers who each teach 50 trainees in these skills.

The front-line worker is essential in the entire scheme as a demonstration that people of different backgrounds can have a common cause, an invaluable asset in countries

where social problems are as great as economic obstacles. But in cost-benefit terms, the volunteer trainer who trains trainees and instructors who train trainers, can multiply their effectiveness by 50 to 1,000 fold, increasing factorally the effect of the 5,400 volunteers now in the field by dramatic multiples.

I submit this proposal not as a cost-saving mechanism to expand the impact of the 5 loaves and 2 fishes to feed 5,000, nor is it designed to help Mr. David Stockman in his unenviable task of budget pruning; it is primarily out of a desire to see an even more effective role played in the investment of people-in-people which, to many developing countries, is an essential part of the strategy to a balanced development process. The Peace Corps pioneered the field programme of people-investing-in-people as a prime mechanism in the development strategy of building from the bottom up.

At the beginning of the third decade of the operation of the Peace Corps, I trust that consideration will be given to an expansion of its search, in part by increased numbers, and in other part by a new direction with a new thrust to multiply its impact by training from the top of the stream. I trust, too, that the Peace Corps will extend its process of recruitment not only to the young and idealistic bounding with energy and ideas, but equally so to the retired pensioners with decades of experience which no school can impart, who long to continue a useful life, and whose acquired skills on the job, rank them as invaluable experts in skill starved communities.

By way of this long introduction, I can now conclude by addressing the theme on which I was invited to speak -

A LATIN AMERICAN PERSPECTIVE OF THE UNITED STATES' ROLE
IN DEVELOPMENT:

Six months ago in an address to the Council of The Americas in New York, I first outlined the Jamaican proposal for a Marshall Plan type development programme for the Caribbean and Central America.

The proposal envisaged a doubling of official aid flows from donor sources within and external to the region. These flows are vital to lay the infra-structure base necessary to enable host countries to attract even greater

flows of private investment.

President Reagan has taken the lead in promoting a Caribbean and Central American policy on a multi-lateral basis converging the interests of external and internal donor countries on the needs of the area.

This is the first serious initiative of major proportions to highlight the Caribbean and Central America which have been traditionally by-passed as settled resort areas too pleasant to harbour problems. Recent events have proven otherwise and policy initiatives by the present administration of President Reagan have not lapsed in recognizing the need to respond positively at this stage with development solutions rather than await the deterioration which eventually precipitates controversial military solutions.

Venezuela, Mexico and Trinidad and Tobago of their own accord have already advanced an additional \$800 million per annum in oil-credit facilities.

The new dimension which I wish to introduce at this time for all the foregoing reasons set out in this address, is the value of skill investment in the total development thrust.

Twenty years of Peace Corps experience and success, beginning with the first director, the indefatigable Sargent Shriver whom I had the pleasure to meet in Jamaica, has created one of America's most unheralded and under-utilized assets.

If this asset is to be fully appreciated by greater utilization, then I propose that the first step in this direction should be taken by linking its expansion to the Caribbean and Central American thrust where its enlarged role and new direction can be played out near enough to home base to permit easy assessment.

The needs of the Caribbean and Central American area are critical enough to establish a priority: The region has 6½% of the population but only 1.2% of the GNP. The chief problem, unemployment, is 15% of the labor force. To reduce unemployment to 5%, the level enjoyed by industrial countries, would require \$6 billion of capital investment. Indeed, only to maintain unemployment at 15% requires \$1.8 billion per annum-- a staggering 25% of GNP! Yet we are small enough to merit special consideration as an area of prime need which by size

of population is not too large to present insurmountable problems.

Excluding Mexico and Venezuela, the 38 countries of the region are largely comprised of mini-states of which nearly 20 are less than 200,000 people, several less than 50,000 population and some as small as 6,000 to 15,000. In land mass, nearly 20 states in the Caribbean can be comfortably accommodated in the Everglades in Florida. With these magnitudes the Caribbean and Central America are neither too small to neglect nor too large to ignore.

The proven stability of 33 of the 38 countries is an invitation to development. The established democratic systems of 30 of the 38 countries make this area the most democratic region in the world.

Almost all the countries are at a middle level stage of development and together constitute the group from which the next countries will reach self-sustaining rates of growth in the economy, if given the right inputs. All the factors are right for a dramatic multi-lateral policy thrust to mobilize resources for the region. The Latin American perspective of the United States is cognizant of this. What must be hoped is that the policy framework for this thrust will recognize the people-to-people investment capabilities of the Peace Corps and promote its role to the forefront.

The 80,000 volunteers can be proud of their record of achievement over the last two decades: the foundation they have created of respect and integrity on which the next decade can build; and the penetrating assault they have made on social barriers and skill shortages across the world.

May the next decade of the Peace Corps see the emergence of a yet more vital role in the development process, guiding to the forefront of development forgotten and distressed persons, low growth and no growth areas, in the true tradition of people who invest in people.

I hope that I speak for them when I wish the volunteers country directors, and their enthusiastic and charming new director Loret Ruppe, many more years of service to mankind, and many more years of being wanted, needed and loved by so many countries of the world.

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... I was first approached by your president, ... to give the commencement address at the ... in the class of 1981. It was at a time ... of Jamaica had been in office ... by our committee over the ...

... I would have been ... of settling into a new job ... of the opening ... the presentation of the ...

ADDRESS TO THE GRADUATING CLASS

OF THE

UNIVERSITY OF MIAMI

BY

THE HONORABLE EDWARD P.G. SEAGA

PRIME MINISTER OF JAMAICA

MAY 5, 1981

... the University of Miami and ... have a very strong commitment to the ... of the Caribbean and especially to the ... such as medicine and engineering ... to encourage that linkage and to ... into other disciplines ... and business administration ...

... the University of Miami, but many ... 15 years at the time, as an ... in the ... of the ... and a very ... of the ... and ... of the ... in the ... of economic ...

When I was first approached by your president, Dr. Stanford, to give the commencement address at the graduation for the class of 1981, it was at a time when the new government of Jamaica had been in office for only a few weeks and my own commitments over the next few months were largely unsettled.

If caution had prevailed, I would have pleaded the natural difficulties of settling into a new job as a justifiable excuse, having regard especially to the fact that May is the busiest month of our parliamentary year. It is the month of the opening session of Parliament, the presentation of the budget and ensuing annual budget debate.

My desire to accept this invitation, however, was linked directly to three factors:

Firstly, Miami has been the host city to thousands of my countrymen during our most difficult years, and this event was an appropriate one to indicate appreciation for the sustenance many received while they sorted out their own lives:

Secondly, the University of Miami and faculty members have a very strong commitment to the Universities of the Caribbean and especially to the professional schools such as medicine and engineering. My presence here is to encourage that linkage and its possible expansion into other disciplines of study, particularly agriculture and business administration in the Caribbean;

Thirdly, the retirement of the distinguished President of the University of Miami, Dr. Henry King Stanford, after 19 years at the helm, is an event of deep regret; but because it is inevitable, it is one with which I feel honored to be associated. Dr. Stanford has been a great friend of Jamaica and a very frequent visitor to our island. But it is the achievements and the character of the distinguished President which we bespeak today: his outstanding record in the development of this university to the level of academic distinction

which it has attained in so short a span of time; his giant courageous struggle against racism in university life for which he was recipient of a human relation award from the anti-defamation league, and finally, his invaluable support in the establishment of a foundation in support of the association of Caribbean universities and research institutes which has been an active fund raiser in support of Caribbean academic institutions.

Although I regret his retirement, I am very pleased to learn that he will continue as President of the foundation which I know will show even greater results from his enormous energy and talent.

Dr. Stanford says 'Goodbye' to Miami but he will continue to say 'Hello' to the Caribbean.

I know I can speak for all in wishing him much happiness and contentment in his retirement.

The line between the academic world and the political arena has always been faintly drawn. It has been difficult at times to determine where the gown begins and the mace ends. The host of academic advisers to politicians and the return flow of politicians to universities make this so.

This is particularly true of governments of the United States, which traditionally have drawn on academic expertise. Indeed, in some previous United States' administrations if I wanted to return to my own university, Harvard, it was difficult to determine whether I should do so by visiting Cambridge or Washington!

And the order of precedence in the relationship of universities and the political world has not always been clear. There is the grand story about the Harvard president - I believe it was President Eliot - whose office advised a visitor that "The President was in Washington seeing Mr. Roosevelt."

I have always been intrigued by the anomaly of a graduation ceremony being called a "commencement" exercise.

The anomaly, of course, disappears when it is recognized that graduation from an academic university logically leads to the commencement stage in the university of life.

Some of the commencement addresses that I have heard focus on the experience of graduation and trials leading to graduation; others, perhaps rightly so, tend to believe that most of us would prefer to forget the pre-graduation experience and focus instead on what follows thereafter.

For my own part, I am a futurist; the past is never as attractive as the future, and I am definitely among those who view the commencement exercise as the beginning of a new period of broader opportunity and deeper understanding.

The depth and breadth of the new experiences will no doubt be a reflection of the eyes through which we see them. But whether we take a wide-angled view or we have tunnel vision is also greatly dependent on our level of exposure.

It is this exposure that I wish to speak to in addressing you at this commencement exercise--exposure in relation to the conceptions, the preconceptions and the misconceptions of the Caribbean political system.

Notwithstanding the variety of language groups, the different cultural environments, there is a Caribbean political system, conceived in the Parliaments of Europe, gestated over 400 years of tropical experience, and born out of the nationalist drives for self-rule and independence and based on the principle of one-man, one-vote.

These parliamentary democracies have had four decades of testing at the ballot box. They have time and time again balloted with regularity and decision. The system has worked in 28 of the 32 Caribbean states without fail over this period. In fact, until recently, it worked in all but two, Grenada and Surinam being the recent exceptions.

The vitality of the system may be taken for granted by those who live in countries where democracy is presumed as a fact of constitutional life. But this vitality cannot be really appreciated without taking into consideration the size of the national units involved.

Some 20 of these states have populations of less than 200,000 people; several have less than 50,000 and some are as small as between 6,000 and 15,000.

In land mass, nearly 20 states in the Caribbean group can be comfortably accommodated together in the Everglades!

The pertinence of these factors of population and geographical magnitudes is that they belie what the textbooks tell us. According to the authorities, vibrant democracies cannot exist in mini-states. The integrity of the democratic system, we are told, rests on the ability for arm's length relationships in order that decisions can be made in the manner dictated by the system and not by the person.

In mini-societies where most people know most other people and a great number are inter-related, how much impartiality can be expected if personalities and friendships come into play, the texts have argued?

But in the smallest of these societies we have made the system work. When the Turks and the Caicos Islands, populated by 6,000 persons, sadly lost its Chief Minister in an air crash last year, it summoned the electorate and calmly elected its opposition party by a margin of 8 to 3.

The island of Dominica, only two and a half years an independent nation, suffered in quick succession two massive blows by hurricanes David and Allen which wiped out its chief exporter earner and 80% of its housing. Worse than that, it suffered a political hurricane of internal dissension which led the people to lock down the country with island-wide strikes to back their demand for new elections. And what was the result against this background of devastation in a country with a defense force of only 30 men? Not revolution, but a deliberate, constitutionally-held election which mandated the opposition party by a margin of 20 seats to 1!

In my own country, Jamaica, a pre-election period of 9 months, as against the normal two month period, led to a prolonged bout of political strife which bordered on Civil War. With all this, the electorate went to the polls and elected the then opposition, which I led, by a landslide margin of 51 to 9.

The misconception is that these "believe-it-or-not" political events are not supposed to happen in small democratic societies. The preconception is that the "banana republic" is the political norm and democratic systems are the pretensions of idealists.

But the true conception is that the parliamentary political system works with the same vibrancy in these infant nations and mini-states (as they are by and large) with the same reliability over the past 30 to 40 years as it has worked in its birthplace in Western Europe and North America over the past 300 to 400 years.

It can be said with validity that nowhere else in the world does a conglomeration of parliamentary democracies exist as it does in the Caribbean; no other geographical sphere can attest to 28 practicing democracies; not Africa, nor Asia, nor Latin America, nor even Europe and North America.

So much, therefore, for the misconception of the "Banana Republic".

Whatever the common design of parliamentary democracy in the Caribbean, it has little by way of common cause. The strength of 28 practicing functionaries are largely individual strengths. There is little collective support.

Distance, individuality and other factors 20 years ago determined that there should be no political union in the English-speaking Caribbean which comprises two-thirds of the states. But nothing of a more practical nature has since been conceived to fill the void.

The matter is more pertinent today than ever before because other political systems are now penetrating the region.

Member parties of the socialist international act with common cause and with collective strength. Yet the dominant ideological theme of the Caribbean states exists as a commonality of interest but no solidarity of action nor fraternity of fellowship.

In other words, like-minded parties have no like-minded design for action nor association. The reasoning is based on a Caribbean misconception that individual strength is sufficient to maintain a successful party system.

The misconception goes further: Alien ideologies, it is said, cannot infiltrate the political system; "it cannot happen here" is the familiar vow.

But it has happened! Alien ideologies have penetrated the political system of the Caribbean. At first the success was marginal, then it grew stridently, led by the advocacy of Jamaica. It was only after a protracted struggle against the alien system, in which Jamaica again played a lead role, this time on the other side, that the political will of the people was summoned to decisively defeat the intruders.

Many lessons should have been learned from this struggle, which was enacted in a more vicarious manner in several other electoral contests in the region during that period.

The most important of these is no doubt the need for greater solidarity and fraternity of like-minded political parties in the region, because the misconception that political infiltration "cannot happen here" has been proven wrong, and the preconception that the democratic system is able "to take care of itself" is equally false. The valid conception is that the infiltrators have lost the battle but we have not yet totally won the war.

What is true of the Caribbean political system is equally true of the North American system in which giant political parties, all of like-mind in the support of parliamentary democracy, are individually strong but have no common association in defense of their cause.

All of the major political parties of Europe are linked into the international fraternities of the European Democratic Union, The Christian Democrats, The Liberal International, The Socialist International or the Communist International.

Not so in North America. Not so in the Caribbean with the exception of a few members of the Socialist International.

The question which I pose, therefore, is: are the like-minded parliamentary democracies of this region so individually strong that we can afford to be collectively aloof in dealing with each other?

It would be a further misconception to accept that view.

And what of Latin America where Democracy still struggles with only moderate success?

Would not a solidarity movement of like-minded parties in the Inter-American System be a common bond of strength, or are we to assume that the Inter-American System cannot forge this bond and any linkages must be with external movements?

To my mind it would be a confession of political collapse if this were so.

I prefer to think that this region has not yet addressed the question of broader party solidarity and I raise my concern at this point to speak to this lapse of attention.

There is no more certain time now for the Caribbean and North America to speak with a strength of conviction on its common political beliefs against the background of the dramatic political decisions taken within the Caribbean system within the last year.

There is no more propitious time than now for like-minded political parties of the Inter-American system to strengthen the democratic struggle with fraternal relations and solidarity support.

We misconceive the moment if we conceive no need to foster this movement now.

It may seem that the matter on which I have addressed you, misconceptions of the political parliamentary system of the Caribbean, is an esoteric one. Standing alone, it may be considered. But, in fact, this presentation is the third and last of a three stage model on Caribbean development policy on which I have been actively speaking. Indeed, it may have some meaning too for the larger issues of the North-South dialogue between the developed and developing world.

The first stage of this series was based on the need to identify and promote the role of private investment and trade flows as the powerful engine for development. This view was in contradistinction to the prevalent approach which sought transfers of capital and technology through public investment and aid channels as the only meaningful course. These views are set out in an address by me to the Miami conference on the Caribbean and Central America sponsored by The Caribbean and Central American Action Group last November here in Miami.

The second stage was to acknowledge the role of public investment as the developer of vital services and critical infrastructure in the development strategy without which the engine of private investment cannot move. To elaborate

on this, a Marshall Plan-type public investment program was proposed during an address by me to The Council of the Americas in New York last December, calling for a doubling of bilateral and multilateral financial flows to the Central American and Caribbean region. Half of this additional amount, US\$900 million; had already been contributed by Venezuela, Mexico, Trinidad & Tobago, the oil exporting countries of the region, through generous oil credits to countries in the area.

What remains now is the response of the external powers of the industrial world of North America, Western Europe and Japan, as well as the multi-lateral banking institutions, such as the World Bank, contributing between them a further US\$900 million to match the internal efforts of the oil exporting countries and to double aid flows to the region.

The final stage on which I have spoken today, the party political system in parliamentary democracies, is generally overlooked in planning total development strategy for third world countries because many third world countries do not have systems of parliamentary democracies.

It so happens, however, that the Caribbean is almost exclusively a system of parliamentary democracy, and since politicians are invested with the executive authority to implement programs, the party machineries through which they function must be incorporated in any planned strategy as the policy mechanism which will decide or reject change.

The proposed inter-relationship of the like-minded political parties in the inter-American system is not designed to frustrate but to encourage change based on the inter-flow of ideas and experience to implement successful change and orderly change.

In short, it is to promote change by reforms within the system in order to build the new society, in sharp contrast to those who actively advocate that the only meaningful change is to wipe the entire order away for the New Jerusalem to be built.

That is not change--that is chaos disguised as change to a political order which the advocates dare not identify.

Indeed, I can put it no better than to quote a distinguished speaker:

They believe there is no hope for reform within the system, and it must be destroyed, and out of the rubble the phoenix of a new society will arise. But they do not tell us the dimensions of this bird or the color of its feathers .

The spokesman of these words, as you may well recognize, is Dr. Henry King Stanford.

To ensure that hope survives and that change means orderly reforms in the Caribbean system, I submit that the party political systems of the parliamentary democracies in the region must develop a fraternity of fellowship and a solidarity of action to enable their commonality of interest to be pursued to the maximum benefit of the cause.

I am deeply honored to have been invited to receive this honorary degree of Doctor of Laws Honoris Causa of the University of Miami. I shall accept this investiture and cherish the credentials with great pride.

Following is the text of the keynote address given by the Prime Minister of Jamaica, Hon. Edward Seaga to the iv Miami Conference on Caribbean Trade Investment and Development on November 23, 1980:

The IV Caribbean Conference on Caribbean Trade Investment and Development has been convened at a particularly critical time in the history of the Caribbean Region and its relationship with the United States.

Successive recent elections have now settled the ideological direction in which the Caribbean is moving.

The gestative forces of nationalism are now giving birth to more and more Caribbean nations, soon to number as many as all in Latin America.

The economic effects of drastic increases in the price of oil have changed the economic perspective of the region in large part from one able to survive on a strategy of import substitution to generate hard currency balances to one which must expand exports dramatically to cover the new imposing costs of the fuel imports.

MELTING POT

An area known for its disastrous hurricanes which are called by well-known first names, has just managed to survive disastrous economic hurricanes which could be attributed to other equally well-known personages whose first names I will decline to call.

All in all the melting pot of political, social, economic and nationalist forces has been actively brewing a new Caribbean consciousness for the decade of the eighties - more alert to the world outside and more understanding of the world inside.

My own country, Jamaica, has, in fact, become more than any other, the Caribbean symbol of this transformation

It would be generally instructive and particularly insightful to unravel the Jamaican

experience, because wrapped up in that cocoon are some of the conflicting strands of international ideological movements.

The world has become accustomed to the easy terminology of first, second and third world; north and south; communism, socialism and capitalism.

In these stark terms of black and white categories into which we are all made to fit there is oversight of the grey areas into which many countries which do not conform to the stereotyped moulds fall.

Jamaica is one of those grey area countries, which in fact, abound among the 32 countries which make up the Caribbean region.

DYNAMISM

We are in the third world, yes; but much of our major urban communities, by their level of economic advancement and dynamism, could easily be identified with small urban centres of the first world.

We are like southern residents with northern northern ambitions and life styles.

We do not fit neatly into the standard, ideological labels.

We are in fact, part of that grey world of middle level countries which have not yet reached the point of economic take-off, yet at the same time we are not among the least-developed countries of the world.

These middle-level developing countries, of which, I repeat, the Caribbean countries constitute a major part, have a legitimate complaint: It is to our own disadvantage that we are not underdeveloped enough to attract significant responses in aid flows; and conversely we are not developed enough to attract significant interests in investment flows.

LADDER OF EXPECTATION

We are left at a point half way up the ladder in the expectation that we will manage to reach the top with the assistance of what

aid can be salvaged and what investments can be managed.

Yet, how many such countries from this middle-level category in the more than three decades since the end of World War 11 can be said to have made it to a point of take-off in economic buoyancy, and able to generate self-sustaining rates of growth?

The answer is: Very few indeed:

This is a very significant point, because the failure to reach the goal of the development process has opened the doors of ideological controversy as to what are the reasons which have prevented more success.

And this is precisely the basis of the ideological conflict which, in respect of the Caribbean certainly has resulted in the turbulent period of the seventies from which we are only now emerging.

There are now competing views which attempt to explain why we have not yet reached our goals.

On the one hand, those who concur with the traditional development strategy maintain that the market system, coupled with parliamentary democracy, is the correct path and that the answer lies in increasing the inputs of economic development through the market system, and in reinforcing the motivation of reward for private initiative and enterprise.

On the other hand, the diametrically opposite view is also now at large in the Caribbean and until recently was beginning to gain acceptance.

In the view, centrally-planned economics under the direction of marxist-structured states are the most effective way to marshal our resources and maximum benefit.

HYBRIDS

At this point I should draw attention to the fact that the choice wasn't always posed as opposites. but, there were some attempts

to promote hybrids which were said to draw on both ideological worlds.

Perhaps the most publicised of these hybrids was the democratic socialism of the Manley government in Jamaica.

It did not take us long after it was announced in 1974 to detect that it was a thinly-concealed veil for marxist directions.

We pointed to the marxist mates of the government; we drew attention to marxist utterances of the government; and we denounced the Cuban modelled programmes of the government.

We drew the logical conclusion that if you walk like a duck and you quack like a duck, you must be a duck.

But still over the years, within our own country and in a body of international opinion, there were still those who, to borrow a phrase, believed that if you walk like a duck and you quack like a duck, you are only an overfed dove with deformed feet and a sore throat;

Most of that body of opinion is now wiser, as the Jamaican Electorate in a historic decision on October 30 by the widest margin of votes in our political history laid to rest the body of democratic socialism in Jamaica as the deceased client of the Cuban State, as a proxy for marxist ambitions and intentions in the area .

So in the practical terms we are back to examining the contrasting alternative explanations for the failure to achieve more success, in terms that discount attempted hybrids.

DEVELOPMENT STRATEGY

It is at this point that I hope I can make a contribution to the body of opinion as to the best development strategy for the Caribbean Region, using the Jamaica experience as the laboratory of thought.

This Jamaican view is not intended to spell out any regional thinking for which there is no basis of authority. It simply offers our experience as a model from which guidelines to solutions may be drawn as we have drawn them.

MOTIVATIONAL FORCE

The Jamaica Labour Party, which I have the honour to lead, and which now forms the government of Jamaica, has historically been a party which believes in the motivational force of reward for private initiative and enterprise.

As a Labour Party, we are affiliated historically to the largest trade union in the English speaking Caribbean - The Bustamante Industrial Trade Union - named after the founder of both the Labour Party and the union - national hero, Sir Alexander Bustamante, whom I succeeded as leader of the party.

From the inception, Bustamante recognized that workers' benefits could be provided only from the fruits of successful management and both worker and management must have a vested interest in these success of enterprise.

BASIC PHILOSOPHY

This basic philosophy has been translated over the years into investment promotions, incentive promotions and worker benefits which during the periods of our administrations spurred new enterprise and growth, and induced a more satisfied climate of industrial relations.

It can be logically concluded that this pragmatic strategy is incompatible with Marxist concepts of state control and ownership, lack of personal incentive and reward and prospects of the State as dominant employer which contracts alternative employment opportunities for workers.

With similar logic it can also be concluded that consistent with our history the J.L.P. Government believes in the market system economy to generate new enterprise, new growth and new employment subject to the necessary regulations which a government must have to protect consumers. And, to be equally consistent, we believe that only a parliamentary democracy can provide the political climate to induce the market system to work.

Against this background, let us look at the Jamaican experience to determine whether our principles are correctly or incorrectly placed.

YEARLY GROWTH

During the sixties when the J.L.P. was last the Government of the country and these principles were the basis of policy, we generated substantial growth EVERY YEAR: we increased our foreign exchange reserves, EVERY YEAR: we financed our budgetary programmes without recourse of heavy borrowing or "printing" unbacked money in any year, and we controlled inflation to single digit figures every year. However, we did not succeed in reducing unemployment.

Out of the buoyancy of the economy, we financed some of the most important social programmes in the history of our country; doubling secondary school enrolment by doubling the number of secondary schools in only 5 years; a nation-wide social security programme with retirement benefits for the labour force.

NEGATIVE GROWTH

In the seventies, by contrast, under the democratic socialist philosophy, we experienced negative growth every year - a record unmatched by any other country of the entire world; we reduced our foreign exchange balances every year, until all our re-

serves were wiped out and substantial debt substituted in place; we financed fiscal budgets with massive borrowing which increased the national debt tenfold in 7 years, and when borrowing were not enough, the printing press of the bank of Jamaica was turned on for substantial funding; inflation reached double figures every year with a 50% high; and unemployment dramatically doubled to record levels.

And, the social programmes which were the corner piece of that government were financed out of debt - not out of economic buoyancy.

Any of the hundreds of businessmen in this audience will immediately recognise all this as a prescription for bankruptcy.

CONSEQUENCE

The consequence of all this is not hard to imagine: Standards of living fell over that period - 57% in U.S. dollar terms, which meant that the poor, who have no cushion to fall back on, were made poorer during that regime, in contrast to the consistently improving standards of living in the past.

To compound the tragedy, the ideological swing to the left created a bond, if not bondage, with Cuba, which led Manley to proclaim that we would march with Castro "to the Mountain Top".

Jamaica has always carefully designed its foreign policy, to present a balance of all the areas of influence which radiated from our central position as part of the Caribbean, within the wider region of Latin America, having strong financial and trading ties with the industrial countries of the west, while maintaining our ethnic interest in the affairs of Africa and our ties with the Geo-political groupings of the third world, the Commonwealth and the OAS. With this range of interests our foreign policy was delicately crafted.

The blunt and dramatic shift of alignment to Castro was bound to cause deep rooted concerns and consequential panic.

MIGRATION

Our skilled middle class began to migrate: Doctors, Lawyers, Engineers, Entrepreneurs, Teachers, Bankers, Civil Servants, Salesmen, Architects, Nurses, Policemen and, in even larger numbers, working-class people.

People who had emerged over generations by training and enterprise from working class roots and the peasantry of the hills to create a whole new class of top and middle-level native management and professional skills were irreplaceably lost over-night, reducing many sectors to near paralysis.

And, while this collapse proceeded in Jamaica many of our Caribbean and Central American neighbours prospered. They showed positive rates of growth consistently; improved their foreign exchange reserves; generated new enterprise and expanded opportunities, although, like Jamaica, they were oil importers and bore the same burdens of dramatic increase in prices.

Where Barbados increased tourism ten-fold in 7 years and the Bahamas fourfold, our records showed no more than stagnation; Where new industries rushed into the region, our stock of industries showed many closures and liquidations.

The comparison could be prolonged, but enough has been said to make the point of comparison and to put on the record such details as will remind all who venture on this path what perils to expect.

The conclusion is obvious: The economic and ideological misadventure of the Marxist system was not acceptable to a people accustomed to the lifestyle and expectations of the market system.

The reaction of the people which flowed from this conclusion overwhelmingly support-

ted and elected a J.L.P. Government which had always supported the principles which created a market-place for skills, initiative and enterprise to create new opportunities and growth.

The past has now been settled and our decision emphatically and conclusively made. What remains and perhaps what is more important now is to look to the future..

FUTURE

This look to the future has come at a most propitious time. There are new governments in several islands of the Caribbean reflecting a shift from the left or a consolidation of the centre. There is a new government-elect in Washington, which is very compatible with this trend and a new president elect with a new determination to review the region as a cornerstone of a new policy trust.

There has never been a U.S. - Caribbean policy of substance and scale. And if ever there was a time for an umbrella policy to be framed, that time is now.

The Caribbean took its political decisions by itself in a remarkable exercise of democracy.

But, the Caribbean cannot create economic viability by itself.

CRITICAL REQUIREMENT

There is a crucial requirement for economic support to bolster the democratic systems of the region which most be urgently examined. Delay means deterioration and strain on the democratic administrations which have elected not to follow the Cuban Model.

The nature of this assistance is important to any consideration of its magnitude.

Caribbean economies are largely private sector oriented. This means that the dynamic sector which produces most of the real growth is the private and not the public sector.

AID flows go to the public sector. They are vital to establish the infrastructure for develop-

ment and other types of essential financing not generally available in the market place.

But aid flows to the public sector are comparatively small in relation to the size of investment packages needed to create meaningful growth. Increases in aid are essential to any framework of new policies because of the type of funds which aid provides and the purposes for which it can be spent.

But such increases as increments on already small packages are still likely to be small aggregates, compared to need.

The only source of big financing are private investment inflows which, aside from magnitude, reach the sectors which generate most of the real productive growth.

GREATER INVESTMENT

On these two bases, then, a Caribbean policy should move beyond the usual question of aid flows ONLY to examine how to induce greater investment flows and in a manner sensitive to national needs and feelings.

Moreover, many Caribbean economies are exhausting the value to be earned from the strategy of import substitution to improve foreign exchange balances. These economies have already established much of the range of industrial production on such imports as can be domestically produced. Others are too small to sustain this type of industrialization at all.

The dominant strategy of the eighties, therefore, will have to move in a different direction - a dynamic export thrust to earn foreign exchange.

This thrust can only mean increased trade - new exports with some flow-back into new imports to enlarge the two-way traffic in trade.

A Caribbean policy to be meaningful must examine the means of accomodating increased trade and particularly the tariffs,

quotas and preferences which can induce greater exports and the return flows of the Import trade.

And the investment interests such as the August cross-section which is gathered here can best serve the interests of the regions by projects which stimulate the Caribbean Export Trade: AGRO Industry, Garment Manufacturing, Wood and Metal Fabrication, Electronic Components, Horticulture, Mining and Tourism are representative of this range.

These ingredients of thoughts for a Caribbean Economic Policy are neither exhaustive in the category nor is the economic category the only area of concern.

But they represent the limit of the views which I wish to express today.

ECONOMIC PRINCIPLES

And I have focussed in particular on these views because they would appear to fit hand in glove with the economic principles of fostering private initiatives and efforts as eloquently articulated by the new United States President-elect Ronald Reagan.

If ever there was a time when a Caribbean Policy is needed, it is now; and, if there was even an opportunity for a Caribbean Policy to be formulated, it is now.

It is my fervent hope and I urge the new United States Administration not to miss this chance; for, it might be our last chance.

To those who would consider the magnitude of the package that may be involved in a comprehensive economic policy of assistance for the region I have words of comfort and of warning.

The total population of the Caribbean is 32 million people, of which there are 10 million in Cuba. The balance is spread over the other 31 countries.

And the startling fact is that more than 20 of these countries can fit in the Everglades right here in Florida.

In terms of magnitude of population or geographic area, how can this be a problem to defeat the most powerful industrial country on earth - our neighbour?

But there is another side. Thirteen of these countries have already attained independence, and five others will do so within 3 years. One of them is probably a country of only 6,000 population.

FORUMS

At that time, the Caribbean will have in international forums the same voting strength as all the nations of Central and South America.

It is through the Sea Lanes of these nations that 51% of imported oil to the U.S.A. must pass.

It is this area that lies between the massive oil fields of Mexico and Venezuela. The strategic importance of the region has not escaped the attention of the Soviet Union and its proxy, Cuba, whose expansionist plans were designed to capture the growing voting strength of the region through a series of political proxy states, and ultimately to imperil the flow of oil when the Caribbean would be eventually turned into a red sea.

The strategic importance of the region has not been overlooked by Mexico nor by Venezuela. They have already taken dramatic joint action to help reinforce democracy. Between them, they have provided long term credits for 30% of the cost of oil imported from them by several of the Central American and Caribbean States.

I commend the wisdom and foresight of the two great leaders of these nations, President Luis Herrera Campin of Venezuela and President Lopez Portillo of Mexico.

Between them, they have set a spectacular

pace in aiding regional stability, prosperity and development.

ROLE OF OTHERS

What is the role of the others? I may be pardoned if, because of the context of this conference, I single out only one other - the direction and subject of much of my comments today: **THE UNITED STATES OF AMERICA.**

Having settled by spectacular electoral decision the choice of a new leader, he now joins with us the term of commonality of interest in Caribbean affairs to strengthen democracy against Marxist forces and to create prosperity as the real base of support for our own ideological way of life.

We have carried this ball for a long time. We have as individual nations, single-handedly, in each instance, and with only our own resources, called on our people to make equally dramatic electoral decisions to reinforce democracy and our economic system. They have done so in a fashion which stunningly belies the fears that the small electorates of small nations cannot be viable democracies. Indeed, the electorates of these small nations in the Caribbean have proven themselves to be among the most sophisticated in the world.

And why not? Twenty-eight of the 32 Caribbean nations have been successful, functioning, practising democracies for decades - making this region the richest concentration of democratic regimes in the world, a thought which needs to be borne in mind by those who need to justify a special place of importance for the area.

And over the years in which we have run with the ball we have gained much ground. But we have come to the point where ground plays alone cannot make enough gains to keep our offensive going.

At this point, we all look to the new member of the team who joins with the back-ground of a super-star receiver. The clock is running out; we must take to the air; we pass; if he catches

the pass we go on to score, touchdown! If he fails to hold that pass we go back to our defensive teams with our backs to the walls. A new struggle begins.

But if I may speak on behalf of my own country we face the future with optimism for the prospects of the Reagan regime: establishing meaningful and friendly linkages in this region, leading to the formulation of a comprehensive Caribbean policy of mutual interest for the first time in this area. We look forward to a successful term of office for a president who has already had two successful careers.

What better time to face the future with hopes for success than when the people have already cleared the way for a commonality of interests to arrive at a concert of decision?

I add my own vote of thanks to the Carter Administration for what it accomplished in starting the ball rolling in this direction for the first time.

The co-sponsors of this IV annual conference on Caribbean Trade, Investment and Development are the Caribbean and Central American Action Group comprising top level private sector membership from within the region. This creation of President Carter is an excellent vehicle to create a new, dynamic flow of trade and investment in the region. And in the discussions I have had with its Caribbean and U.S. leaders there is strong evidence that it intends to do so.

UNRESERVED BACKING

For our own part it has our unreserved backing.

The City of Miami is our host. It has become a second home for Caribbean refugees including many from my own country during our last Government's term of office. Happily, in our case, many are now returning home.

But it has, in part, on humanitarian grounds, acquired the reputation of an international city. However, in greater part, it has by design become the international city of Latin America, the home of

hemispheric conferences and trade fairs by the foresight of its leaders.

I offer our commendation to the mayor and his councillors for the far thinking reach of this international design and for the warm hospitality of the city of Miami.

I am personally grateful that I was able to accept the kind invitation of Governor Bob Graham of the State of Florida to be the keynote speaker of this conference, and I hope to be able to reciprocate the warm friendship between Jamaica and the State of Florida by inviting him to address a suitable occasion in Jamaica.

Delegations from Central America will forgive me if I have not addressed my thoughts to their region and its problems, which I fully recognize.

I feel less equipped to do so than I am to deal with the Caribbean.

But perhaps the most important reason why I have confined myself to this region is that it is overdue for serious discussion, in serious places, as a serious problem.

For too long we have been neglected as a playground area of beaches and beauty, too pleasing to be disturbed by problems. Now the beaches and the beauty can no longer over-shadow the real problems of the regions which are rapidly surfacing at many points.

I trust that the thoughts I have offered in this address will be of some value to a new scenario on the region and to evaluate our problems with a new perspective.

The time is here and now; the problems are here and now; the solutions, I am convinced, are here and now if, with our best teams, we can make the best start.

STATEMENT

BY

THE RIGHT HONORABLE HUGH LAWSON SHEARER, P.C.

DEPUTY PRIME MINISTER AND MINISTER OF
FOREIGN AFFAIRS OF JAMAICA

BEFORE THE
LUNCHEON OF THE THIRD UNITED NATIONS
CONFERENCE ON THE LAW OF THE SEA

TUESDAY, MARCH 31, 1981

Excellencies:

Distinguished Guests:

Allow me first to express my sincere appreciation to all of you for taking time from your busy schedules to join me here today.

I must confess that I have not left Jamaica only to attend this session of the Law of the Sea Conference. I am on my way to Europe in order to discharge a responsibility that devolves on me as Chairman of the African, Caribbean and Pacific States associated with the Economic Community under the Lome Convention. I thought it essential, however, that I should take this opportunity to see what progress the Conference on the Law of the Sea has made and to confer with some of our many friends in the other delegations.

This morning I met some of my colleagues, the Heads of Delegations, and I have been greatly encouraged by their experience and their understanding of the problems at hand.

May I now try to share with you all some of my thoughts on certain of the matters which are being pursued in the Conference and are therefore of interest to us all.

Five months ago Jamaica chose a new government by an overwhelming electoral decision. As the Foreign Minister

in that new government, I wish to reassure you, if reassurance is needed, that Jamaica has no reservation whatsoever about the value of the Convention which is now close to adoption. As you will see we have maintained continuity in our representation at the Conference. In this area as in many others, there is no division in political opinion at home.

Equally, I wish to stress the fact that Jamaica, under my government, remains committed to full solidarity with other Third World countries and with the policies of genuine non-alignment. Jamaica will continue to support and actively engage ourselves in the work of the Group of 77. Jamaica has not abandoned the search for a New International Economic Order which will provide more equitable relations between developed and developing countries. We would propose, however, to place greater emphasis than has probably been done in the past, on economic co-operation amongst the developing countries, and on the transfer of technology between one group of countries and the other.

Today as we examine the state of the Conference we must first pay tribute to that magnificent servant of the international community, our former President, Ambassador Hamilton Shirley Amerasinghe of Sri Lanka. His leadership, skill, determination and vision have

brought us this far. The only fitting monument to this rare man's memory would be the early adoption of the Convention which he did so much to shape.

My own delegation, like many others is very concerned about recent events which have suspended our expectation that this would be the last session of the Conference. We, like all countries, and especially the developing countries, have borne a tremendous burden to insure adequate representation throughout these long negotiations. It is my view that the work of the Conference must go on at the fastest pace possible. Only by faithfully adhering to this approach will we insure that final adoption of the Convention is still a realistic goal for 1981.

In these days of gloomy forecasts a bright light of hope has bathed the Conference in the choice of our new President, Ambassador "Tommy" Koh of Singapore. It is unfortunate that Tommy could not be with us this afternoon, but his spirit and enthusiasm preside here over us just as they do over the entire Conference. With a captain of his ability can anyone doubt that the Conference will arrive safely in port?

To facilitate an early conclusion, the Conference must find solutions in the near future to those matters which were recognized last year in Geneva as still outstanding. The Conference has already found time to

discuss most of these matters in detail and it is Jamaica's view that three other matters must receive adequate attention at this session.

The first is the question of participation in the Convention. I recognize how difficult it is to reconcile the many different interests involved, but I am certain that with serious negotiation and a will to compromise a mechanism that satisfies all interests will be found.

The second matter relates to the delicate question of delimitation of maritime boundaries between adjacent and opposite States. I urge our colleagues on both sides of this issue to intensify their consultations so as to find common ground and reach mutual accommodation in the course of this session.

The third matter, which is understandably close to the heart of my delegation and the people of Jamaica is the site of the International Seabed Authority. Let me take this opportunity, on behalf of the recently elected Government of Jamaica, to reaffirm in the strongest possible manner Jamaica's commitment to providing the site of the headquarters of the Authority and the Enterprise.

Many of you present here will recollect that inaugural session in Caracas in 1974 when Jamaica first formally presented our candidature. Jamaica was at that

same session endorsed separately by the three regional groups of the Group of 77 and then formally by the Group of 77 in the Plenary of the Conference. We are the only candidate for the site who has been endorsed by the Group of 77, and this endorsement of Jamaica has never been withdrawn. Our candidature is also receiving the support of many delegations outside the Group of 77.

Because of this wide and substantial support, Jamaica has been named as the seat of the Authority in all Conference texts. This support, which today is still growing, has given us the confidence to proceed with active preparation to accommodate the Headquarters of the Authority. Our high state of preparedness is best reflected in the new brochure we recently circulated, which outlines the detailed preparations that my Government has undertaken to facilitate the establishment of the Authority at the earliest possible time. You will see the actual progress of the complex that will house the interim Secretariat of the Authority and any preliminary or preparatory body that may be established. This complex is due for completion in September this year, and all necessary facilities will be available as soon as they are required. You will note the two large and conveniently located sites for the permanent Headquarters of the Authority. One is in our second city, the world famous resort, Montego Bay, and the other is in our

bustling capital city of Kingston.

We invite the representation of the Authority, the Council and the Secretariat to make their home in one of the most beautiful environments on earth -- to work and swim and snorkel and play tennis and golf and polo, and watch the races -- making an interesting reality of the common heritage of mankind.

The Jamaican delegation is secure in the knowledge that successful resolution of the location of the seat of the Authority at this session can only promote an early and successful conclusion to the Conference.

The Third United Nations Conference on the Law of the Sea is both significant and historic. It represents a monumental effort on the part of the international community to secure an equitable regime for the administration of the oceans and its resources for the benefit of mankind as a whole, having special regard to interests and needs of developing countries. In a world beset by an unusual array of difficult problems, where the very utility of multilateral negotiations is being seriously challenged, we must not flinch from our objective; we must achieve our historic mission to establish the Common Heritage of Mankind enshrined in the Declaration of Principles we made in 1970. As trustees of the conscience of mankind, of this and succeeding generations,

we have travelled too far down the road of success in the Conference to be deterred in our determination to complete the work of our Conference. Our mission is too noble, our cause too righteous, our will too strong for this historic mission to be diverted from its course.

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A.F. Sabo Associates Inc.

SPEECH BY HONORABLE ALVA ROSS, M.P.,
MINISTER OF PUBLIC UTILITIES & TRANSPORT,
JAMAICA, AT SEMINAR HELD ON "INVESTMENT
OPPORTUNITIES CURRENTLY IN JAMAICA IN
GENERAL, AND THE FREE ZONE AND TRANSHIP-
MENT PORT IN PARTICULAR", HELD IN HAMBURG,
GERMANY, ON 29TH MAY, 1981

Mr. Chairman, distinguished Guests, Ladies and Gentlemen:
Let me express my sincere appreciation for the opportunity to
address this distinguished gathering today.

One of the basic objectives of this Seminar, is an
effort to outline to the Hamburg and wider German business
community, the recent political development in my country
and the initiatives being taken by a new administration, of
which I have the honor of being a part, to restore buoyancy
to the Jamaican economy. I am here representing a new
Government which has a new spirit of adventure and commitment
to the resurgence of foreign investment in our country.

You are no doubt aware of the severe battering that
the Jamaican economy has experienced over the past seven
or eight years, and it is not without significance that
our country has achieved the unique record of seven con-
secutive years of negative growth in G.N.P. In addition,
when the recent administration took office, Jamaica's
external debt was approximately US\$2 billion. Quite
naturally, where there has been a chronic balance of
payments problem and resultant foreign exchange
shortage, the production sector has been affected by
shortages of raw materials, spare parts and capital
equipment.

It is in this harsh economic climate that the
Government of Jamaica recently concluded a new agreement
with the International Monetary Fund (IMF), which will
result in a significant inflow of the scarce foreign
exchange to the productive sector. Working along with
the IMF, the Government has developed a framework of
economic policies, designed to address two of the basic
problems-

- (i) a stagnant economy
- (ii) a weak balance of payments position

This framework represents an "incentive model" intended to increase production for local consumption and for exports, and to create a setting conducive to the stimulation of investment both private and foreign.

It is therefore appropriate, and of added significance, that we from Jamaica should be meeting with German investors at this time. Jamaica and Germany have, over a very long time, enjoyed a warm and close relationship. It is quite natural therefore, that at a time when we are seeking partners to share our economic recovery programme, we should extend this invitation firstly to our friends. German investment in Jamaica is nothing new, and in fact, one of the most progressive industrial companies in the country which is a leader in the non-traditional export sector, is a joint venture between a Jamaican company and your very own illustrious Henkel International.

Mr. Chairman, Jamaica has had an adverse balance in Jamaica/German trading relations. Considering the structural and functional aspects of our two economies, this is understandable. Jamaica's principal exports to your country continue to be food, tobacco and rum, while we import from you, raw materials, capital equipment and motor cars.

In 1979, our exports to you were J\$8.7m, imports J\$37.4m with a balance of visible trade of minus J\$27.6m. In 1980, exports to you totalled J\$11.5m, imports J\$30.7m with a balance of visible trade of minus J\$18.5m.

Over the past few years, there has been a significant development in German tourist traffic to Jamaica. I cannot emphasize the importance of tourism to our country's economic well being, and my Government is committed to give all the encouragement necessary for its expansion.

I have to note, however, that in recent months, the tourist traffic from Germany suffered a temporary setback with the withdrawal of Air Jamaica from the German route. This action regrettably, was forced upon us because of very precarious financial position in which we found our national Airline. The measures which are now being taken are intended within a short period, to make the Airline economically viable.

We have in the meantime, taken appropriate steps to put in place alternative arrangements with other carriers to accommodate the tourist traffic that will be generated in Germany.

The Government of Jamaica is very appreciative of the economic development assistance offered by your Government. This has been brought about under a Jamaica/German Technical Co-operation Agreement, signed in 1964, extended in 1970 and a new Agreement is currently being put in place.

In this generous and wide-ranging programme, I wish to recognize the tremendous assistance which you have offered in the development of our fishing sector by way of assistance in the construction of a Fisheries Terminal and the acquisition of ten (10) new deep-sea fishing vessels. We also are very mindful that in two major disasters - flood damage in Western Jamaica in 1979, and extensive damage done by Hurricane "Allen" in 1980 - you assisted significantly by helping to repair flood damage and in the acquisition of a wide range of much needed agricultural equipment. In addition to assistance for training and scholarships to Jamaicans, German experts have also been assisting in the development of our agricultural co-operatives, working in our Agricultural Extension Services and our Health Services.

Within the area of my own ministerial responsibilities, one of the institutions represented in the Seminar, the Kingston Export Free Zone, is being assisted in its marketing programme by your Ministry of Overseas Development under the Industrial Co-operation Section of the Agreement. The Government's policy toward new investments in plant and equipment is an extremely positive one, encouraging the establishment of new ventures through the transfer of technology which will help to increase domestic income, employment and our foreign exchange earnings.

Already, in the few months of change of Government, these policies and actions have elicited an enormous response at home and abroad. To keep the momentum going, the country requires, in addition to foreign capital, an infusion of

managerial and entrepreneurial talent, new technology and skills.

Among the initiatives taken by the Government are those designed to upgrade and improve those institutions which are vital to the pursuit of business and investment. The very severe quantitative restrictions relating to the importation of raw materials and capital goods for the productive sector, have been relaxed. This also applies to certain foreign exchange restrictions which were imposed by the Central Bank.

Machinery has been put in place to deal with the host of foreign investment and foreign investors who arrive in our country daily. More specifically, I would like to deal with two of those institutions which fall directly under my responsibility as Minister of Public Utilities & Transport - the Kingston Export Free Zone and the Transshipment Port.

The Kingston Export Free Zone, our export processing Zone, represents an accessible and available industrial package, the principal characteristics of which are exceptional industrial incentives and industrial location for factories and warehouses at economical rates of rental. The brochures which have been made available to you, will provide detailed information on the incentives available to enterprises located in the Free Zone. Briefly, these are:

- A) 100% Tax exemption for all enterprises;
- B) No restrictions on repatriation of profits or assets;
- C) Exemption from all forms of quantitative restrictions of all import licensing;
- D) Exemption from all forms of customs and import duties
- F) Automatic granting of work permits to bona fide ex-patriates (Executive and Technical personnel).

The development of the Free Zone in Jamaica should be of interest to German businessmen. This is so, because Germany has growing trade and business relationships with Latin America and the Caribbean. The Kingston Export Zone can facilitate the German businessman broadly in the following ways:

German exporters are participating in a significantly expanding Caribbean and Latin America market. In any

growing market, the element of competition becomes more and more intense, especially when you are distributing a wide range of light manufactures and consumer durables and non-durables. Consequently, the supplier has got to be constantly seeking to enhance his price and service competitiveness. You are required not only to sell a good product at the lowest possible price, but to be able to supply promptly and in the shortest possible time.

These advantages are maximized when you, the exporter, are able to provide services to a market from within the market.

By doing so, you are able to effect -

- (a) cost reduction
- (b) lead time reduction on orders, and
- (c) provision for a convenient centre for display of goods prior to purchase.

From the Kingston Export Free Zone, your products will have easy access to most territories of the Caribbean and Latin America. This is so because Jamaica's strategic geographical location in the centre of the Caribbean basin is complemented by adequate and reliable freight services offered by an efficient Transshipment Port.

The development of the Port of Kingston as a major transshipment centre of the Region, makes available the proper transportation services required for the maximum efficiency of business operations in the Free Zone. Indeed, the Free Zone and the adjacent Transshipment Port are intended to complement each other and have been developed accordingly.

In exploiting Jamaica's choice geographical location in the centre of the Caribbean basin, or as we would like to feel, more appropriately, the Centre of the World, we have developed one of the finest container facilities in the Region capable of servicing the largest container ships afloat. These new facilities now give the Port of Kingston total flexibility for the handling of all types of ships. The significance of the modernization of the Port of Kingston will be fully appreciated when it is realized that the central location of Jamaica places Kingston within close proximity of all major shipping routes in the Region. In fact, the ships of all major shipping lines on the route through the Panama Canal to Europe and the Far East, steam within 32 miles of Jamaica.

With these positive developments, it is not surprising that since 1977, already six of the major international shipping lines are using the transshipment facilities in Kingston. I will mention these by name. They are:

- Sea-land Service Incorporated
- Zim Israeli Navigation Company
- Columbus Line
- Carol Line - a consortium of which your own Hapag Lloyd is a member
- Shaw Savill and Bank
- Saguenay

The development of our Transshipment business has been accompanied by frequent, regular and scheduled shipping services to Kingston from various ports of the world, with feeder connections to all ports with the Region. The Port of Kingston has today, assumed a focal position in international shipping in the Region, as it provides well equipped facilities and a wide range of services at very economical rates. This leading position has been greatly enhanced by the decision of Sea-land, a major United States shipping line, to use Kingston as its transshipment center for Central America.

In addition to the two institutions outlined above, I wish to briefly inform you of other institutions which are in place and available to offer assistance to the prospective German investor. They are:

JAMAICA NATIONAL INVESTMENT COMPANY (JNIC)

On the investment side, th JNIC was established specifically to stimulate industry and agricultural development. This Company is equipped to assess the viability of investment proposals, aid in implementation of foreign investment projects and to obtain necessary government approval where needed.

JAMAICA NATIONAL EXPORT CORPORATION (JNEC)

The Government welcomes investment which will produce goods and services for export. My Government attaches great importance to the development of the export sector, and accordingly, has provided a wide range of incentives to ensure that manufacturers involved in export have every possible facility available to them in the pursuit of this objective.

The JNEC is actively involved in the promotion of our exports and administers these incentives. Under the LOME Agreement, we benefit from duty-free access for many of our products entering the EEC. There is also the United States GSP from which we benefit. These export incentives will be more specifically dealt with by the Executive Director of the JNEC in his presentation.

Mr. Chairman, the investment and trading incentives for doing business in Jamaica are not only in place, but also, they are most attractive to the potential investor.

We are also proud that we can offer a country with an infrastructure - the roads, the lines of communications, electricity, an adequate water supply - which is necessary to make industry a viable and profitable exercise.

I recognize that all the incentives which a government can give, or all the institutions and infrastructure which a government will provide, cannot attract foreign investments or induce business development if the necessary confidence in the country, its people and institutions is not in place. Recent events have amply demonstrated that Jamaica possesses a stable political institution, a people determined with an indomitable spirit and the will to pursue a course of economic development consistent with democracy and the Free Enterprise system. Our climate is sunny and warm, our people hardworking, serious, but friendly. This atmosphere can create the necessary confidence in which the German investor will be assured that he will be welcome and treated not only as an investor, but as a partner in Jamaica's economic recovery programme.

Mr. Chairman, I wish to recognize and express my appreciation for the assistance of the Hamburg General Chamber of Commerce and the Iberio Amerika in kindly agreeing to be hosts to this Seminar. These two organizations have over the past few years, performed similarly on Jamaica's behalf, and I wish to again express my country's and my personal gratitude.

I also wish to recognize the sterling work being performed by our Hon. Consul in Hamburg, Mr. Witoff, whose

Company has been operating in Jamaica for a number of years. It is my sincere hope that these sterling efforts will continue to strengthen the bonds, not only our industrial and commercial bonds, but also our social and cultural ones.

Mr. Chairman, Jamaica has many friends in Germany, and a vast reservoir of goodwill among the German people. We thank you for your interest and cooperation over the years, and look forward to a continuous close relationship between our two countries in the years to come.

MAY 21, 1981

 Sabo Associates Inc.
Public Relations Counsellors

Proudly Announces its Representation of

*The Hon. Edward P.G. Seaga
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For: THE GOVERNMENT OF JAMAICA

Contact: George Haber

For Release: IMMEDIATE
August 27, 1981

JAMAICA PROPOSES INITIATIVES FOR ALTERNATE ENERGY PROGRESS

An international center to conduct research and development in alternative energy technology, and to encourage worldwide marketing of existing alternate energy programs, has been proposed by the Rt. Hon. Edward P.G. Seaga, P.C., Prime Minister of Jamaica.

Addressing the recent United Nations Conference on New and Renewable Sources of Energy in Nairobi, Kenya [August 10], Mr. Seaga said that the research and development center could be part of an existing agency, such as the International Atomic Energy Agency, to minimize overhead. An international trade center, he proposed, would encourage the transfer of alternate energy technology among countries, and especially to the developing countries.

To help finance energy programs, where the technology is available, Mr. Seaga urged the creation of a World Bank energy affiliate. Earlier plans to establish such an affiliate, he said, were stalled because of insufficient support.

An example of the role of financing, the Prime Minister pointed to Jamaica's own energy plan which includes replacing

more...

JAMAICA PROPOSES INITIATIVES

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oil with various coal, peat, hydro power, and solar alternatives. Mr. Seaga said that the plan will "reduce from 97% to 64% our oil imports for commercial energy in the domestic sector by 1990." The plan, he added, "will produce energy at cheaper costs than current charges and generate substantial saving in foreign exchange as well."

Mr. Seaga said that Jamaica could accelerate its oil substitution program "if the limiting factor was not finance. The total cost for transition from an almost total dependence on oil to one-third from alternate sources requires some \$600 million in capital investment."

He noted that many countries, like Jamaica, have the technology to convert to alternate energy programs, but are unable to do so as quickly as they might because of a lack of financial resources.

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NEWS RELEASE

△ Sabo Associates Inc.
Public Relations Counsellors
888 Seventh Avenue (17th Floor)
New York, N.Y. 10019
(212) 765-1200

For: GOVERNMENT OF JAMAICA

Contact: George Haber

For Release: IMMEDIATE

LAW OF THE SEA CONFERENCE SELECTS JAMAICA AS SITE FOR SEABED AUTHORITY

Kingston, Jamaica, August 21, 1981 -- Jamaica has been chosen as the site for the International Seabed Authority, the Right Honorable Hugh L. Shearer, Deputy Prime Minister and Minister of Foreign Trade and Foreign Affairs, announced here today. The decision was made by the representatives to the current session of the Law of the Sea Conference in Geneva, Switzerland.

Jamaica's selection as the site of the international organization--which will oversee exploration of seabed resources, and issue contracts for ocean mining--culminated several years of competition between the island-nation and its competitors, Malta and Fiji.

Jamaica first offered to provide the site for the Seabed Authority in 1974, in Caracas, when the Group of 77 endorsed the candidacy of the country.

Although Jamaica has suggested Montego Bay and Kingston for the siting, Mr. Shearer explained that the location will be determined by the Seabed Authority when it is established.

The outcome involves considerable economic opportunities for the Jamaican economy. According to Mr. Shearer, the

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Law of the Sea

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selection provides opportunities for the construction of headquarters facilities estimated at some \$200 million. While requiring the construction of housing and other facilities for diplomatic personnel, employees and families of the organization, it will, Mr. Shearer stated, "create the environment and infrastructure for the development of Jamaica as a major international center for the holding of meetings under the auspices of the United Nations." He added that the Authority's Jamaica location will also help stimulate the Jamaican tourism industry. The most sought-after result, he noted, will be the creation of local employment opportunities for Jamaicans.

The Conference also decided to establish the tribunal for the Seabed Authority in Hamburg, Federal Republic of Germany.

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For: GOVERNMENT OF JAMAICA
Jamaica National Investment Company

Contact: Edward A. Nyren

For Release: IMMEDIATE
AUGUST 18, 1981

JAMAICA'S ECONOMY ON THE UPSWING DECLARES PRIME MINISTER SEAGA

Kingston, Jamaica -- This year will mark the end of negative economic growth in Jamaica, Prime Minister Edward P. G. Seaga reported recently to his nation's House of Representatives. Mr. Seaga based his conclusion on a review undertaken by the International Monetary Fund which agreed with analyses by the island's National Planning Agency, Bank of Jamaica and Department of Statistics that indicated zero growth at worst, and more than two percent real growth at best, for 1981, compared with minus 5.4 percent negative growth last year.

Among leading indicators showing positive growth curves were construction and tourism. The Prime Minister informed the Jamaican House that the value of construction projects already approved had more than doubled last year's figures and that even greater buoyancy is expected toward the end of the year. Tourism, he reported, was up two percent in June, and ten percent in July, with further increases expected in August. He added that the government of Venezuela had decided to run Jamaica's tourism advertisements free of charge in its own news media.

The island-nation's Consumer Price Index had shown remarkable improvement, from a 28 percent increase for the first six months of 1980 to a 0.9 percent increase for the same period this year. This reflected, to a large degree, major decreases in food prices and the virtual elimination of the country's black market.

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Other positive trends included a 6.3 percent increase in production of alumina in the first six months of 1981. While domestic agriculture and livestock also showed a positive turn, negative growth was recorded for sugar exports; but this should be reversed, he said, in 1983, by which time farming methods will have resumed their adequately-financed efficiency.

Mr. Seaga reminded the Representatives that Jamaicans must not expect a major short-term revival of their nation's economy, but that "...economic recovery must cover a period of 36 months, for the reason that we are not involved in giving birth to a child; we are in the process of reviving the dead."

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8/19/81

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New York, N.Y. 10019
(212) 765-1200

For: GOVERNMENT OF JAMAICA

Contact: Edward A. Nyren

For Release: IMMEDIATE
August 17, 1981

AGREEMENT GIVES TAX WRITE-OFF TO U.S. CONVENTIONEERS IN JAMAICA

Kingston, Jamaica -- A tax agreement signed recently by Jamaican and U.S. officials allows U.S. travellers to Jamaica to deduct expenses from U.S. income taxes if their trip is in connection with some business, professional or scientific convention, or seminar.

The pact, or protocol, as it is technically known, is similar to ones already in effect with Mexico and Canada. It gives Jamaica a considerable competitive edge in the Caribbean and should provide significant help to the country's tourism industry, its second largest revenue producer, with earnings of some \$176 million last year.

The added income generated in the near term by the new agreement will, in turn, provide Jamaica's agricultural and industrial sectors with the vital foreign exchange needed to import raw materials and equipment for expansion, and alleviation of the nations most pressing problem, unemployment.

U.S. Ambassador to Jamaica, Loren Lawrence, said at the signing that the agreement "is a specific effort by the U.S. government to boost Jamaica's tourist industry and therefore its economic recovery."

Jamaica has budgeted \$7 million to promote the island nation's tourism in the U.S. market, double the previous year's budget. Two thirds of it will be spent on television. One of Jamaica's increasing number of friends, the government of Venezuela, has decided to run Jamaica's tourism advertisements free of charge in its own media.

Signs are good that Jamaica's tourism industry is on the rebound. Tourism was up 2 percent in June and 10 percent in July; expectations are for a further increase in August.

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NEWS RELEASE

AFSabo Associates Inc.
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New York, N.Y. 10019
(212) 765-1200

For: The Government of Jamaica
Kingston, Jamaica

Contact: George Haber

For Release: Immediate

PRESIDENTIAL ENVOY ATTENDS

JAMAICAN INDEPENDENCE CELEBRATION

Kingston, Jamaica, August 4--For the first time since Jamaica declared its independence in 1962, a U.S. President has sent a personal envoy to represent him in celebrating the island-nation's Independence Day.

Rep. Thomas B. Evans of Delaware, a third-term congressman, and a member of the House Banking Committee, was selected by President Reagan to attend Jamaica's nineteenth Independence Day celebration August 3. Also attending was Beden Bell, Deputy Assistant Secretary of State.

On August 2, the two men delivered a message from President Reagan to the Right Honorable Edward P.G. Seaga, P.C., Prime Minister of Jamaica. The message read: "The United States people join in sending to you and to the people of Jamaica congratulations and sincere best wishes as you observe your national holiday. I am very pleased that the bonds of friendship between our two countries are strong today. Over the coming year I look forward to strengthening of the close and cooperative relations between our governments."

Rep. Evans and Mr. Bell attended an Independence Day

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brunch with U.S. Ambassador to Jamaica Loren Lawrence. They were joined by Jamaica's Minister of Public Utilities and Transport Alva Ross, and the president of Jamaica's Senate, Ossie Harding, who recently returned from a visit to the United States, where he met with Sen. Charles Percy, Chairman of the Foreign Relations Committee, and Sen. Strom Thurmond.

Rep. Evans conveyed the good wishes of President Reagan and stressed a new era of cooperation and mutual interest between the United States and Jamaica.

The Independence celebration marked Jamaica's beginning of a new effort to build a strong and varied cultural program. It featured elaborate costumes and floats in a parade to the National Arena in Kingston, where a "Gala Show" was staged and cash awards presented in various categories in music, speech, dance, and drama. The show, viewed by approximately 30,000 people, was attended by the Prime Minister and Mrs. Seaga; the Governor General Sir Florizel Glaspole and Lady Glasspole; and the visiting Americans.

In other activities related to Independence Day, national honors were conferred on 76 individuals, including: Hector Wynter, editor of The Daily Gleaner; Horace Barber, Financial Secretary; Carl Stone, economist, political analyst, and columnist; and Justice Uriah Parnell.

At the opening of the island-wide celebration, Prime Minister Seaga announced that a total of more than \$25 million in new loans would be made available to small farmers working two to ten acres and planting crops according to a strict system of zoning established by the Minister of Agriculture, Dr. Percival Broderick.

NEWS RELEASE

AS Sabo Associates Inc.
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888 Seventh Avenue (17th Floor)
New York, N.Y. 10019
(212) 765-1200

For: JAMAICA NATIONAL EXPORT CORPORATION

Contact: Edward A. Nyren

For Release: IMMEDIATE

100% BLUE MOUNTAIN COFFEE -
GROWN AND ROASTED IN JAMAICA - DEBUTS
AT CHICAGO FANCY FOOD AND CONFECTION SHOW

Chicago, July 30 -- For the first time, Jamaica's famous Blue Mountain coffee is being introduced to the U.S. gourmet market in an unblended, roasted-in-Jamaica form. The introduction takes place during the Fancy Food and Confection Show at Chicago's McCormick Place, August 2 - 5. One of Jamaica's most important export products, Blue Mountain is also one of the world's most expensive yet most desired coffees.

Participating in the "unveiling" at booth 863 will be Miss Jamaica, 1980, Michele Ann Harris, who recently completed a goodwill tour of the U.S. on behalf of the Government of Jamaica and its export products. Miss Harris will be on hand to provide samples and information about the history, uses and brewing of the product.

Internationally known as the finest coffee in the world, Jamaica's Blue Mountain has acquired a mystique that goes back centuries to the days of buccaneers and Spanish galleons. And while blends of the Blue Mountain coffee have been on the U.S. market for awhile, its introduction at the Fancy Food Show marks the first time that a brand of one hundred percent pure Blue Mountain coffee is available to U.S. consumers in roasted form. It is shipped to the U.S. within 48 hours of roasting to ensure freshness.

Some 2,000 pounds of the Jamaica Blue Mountain Choice brand are expected to be sold each month to the high gourmet market by Van Cortland Coffee Company, Moonachie, N. J., the gourmet division of Wechsler Coffee Company. Van Cortland has sole U.S. distribution rights for this rare product. Coffee Industries, Ltd., St. Thomas, Jamaica, is the roaster.

Attending the promotion will be Mr. Derryck Cox, Jamaica's New York Trade Commissioner; Mr. Patrick Sibblies, Managing Director, and Jay Wibecan, Marketing Manager of Coffee Industries, Ltd.; and Mr. Larry Karper, General Manager of Van Cortland Coffee.

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FOR FURTHER INFORMATION, CONTACT: Richard Howe
(212) 559-3453

NEW YORK, July 7 -- The Government of Jamaica signed here today a US\$71-million, medium-term loan to help finance the government's capital-formation program, Citibank announced.

This financing follows the signing on June 30 of an agreement for the deferral and refinancing of certain public-sector external debt to financial institutions, which matures between April 1, 1981, and March 31, 1983.

Both loans are part of a three-year program designed to promote economic growth and reduce unemployment in Jamaica by achieving a real growth rate of 5 percent in gross domestic product by 1983.

The loan, which is for seven years, has an interest rate of 2 1/4 percent over the London Interbank Offered (LIBO) rate for six-month U.S. dollar deposits.

Signing for the Government of Jamaica was The Rt. Hon. Edward P.G. Seaga, Prime Minister.

The loan signed today was managed by Citicorp International Group, The Bank of Nova Scotia, Canadian, Imperial Bank of Commerce and The Royal Bank of Canada.

Citibank coordinated the syndicate of 25 banks, which have a wide geographical mix, from Latin America, the Caribbean, Canada, the United States, Japan, and Europe. Citibank is also the agent for the banking syndicate.

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The co-managers include Bank of America NT & SA, The Chase Manhattan Bank (National Association), First National Bank of Chicago, American Express International Banking Corporation, Banque de Paris et des Pays-Bas, Barclays Bank Group, Credit Lyonnais, Morgan Guaranty Trust Company of New York, and The National Commercial Bank of Trinidad and Tobago Ltd.

Participating in the loan are Libra Bank Limited, Banco do Brasil S.A., Banco Mercantil y Agricola C.A. Panama Branch, Banco Nacional de Panama, The Bank of Tokyo, Ltd., Citizens & Southern National Bank, Manufacturers Hanover Trust Co., Midland Bank Limited, Southeast First National Bank of Miami, Barbados National Bank, Banque Francaise du Commerce Exterieur, and The Mercantile Bank of Canada.

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NEWS RELEASE

△Sabo Associates Inc.
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New York, N.Y. 10019
(212) 765-1200

For: The Government of Jamaica
Kingston, Jamaica

Contact: George Haber

For Release: At Will
June 10, 1981

JAMAICA'S PRIME MINISTER 'OUTLINES ECONOMIC RECOVERY IN BUDGET ADDRESS

Jamaica's Prime Minister Edward P.G. Seaga has delivered his first budget address to Parliament, describing a comprehensive strategy for stimulating the island nation's economic recovery and growth.

In a five-hour address on May 28, Mr. Seaga announced the Reagan Administration's approval of a proposal to allow conventioners from the United States traveling to Jamaica to deduct travel costs as a business expense on their federal income taxes.

Jamaica joins Canada and Mexico as nations which U.S. convention attendees may visit on a travel-deductible basis.

In proposing a \$1.47 billion budget, Mr. Seaga said his economic recovery strategy is designed to produce growth in the nation's \$1.38 billion gross domestic product of 3.7 percent in the 1981/82 fiscal year, and of 4.0 percent and 5.0 percent in subsequent years.

More...

Declaring that "Growth cannot proceed without investment," the Prime Minister reported that more than 300 proposals for new projects have been submitted to the Jamaican National Investment Corporation, and in a single week, 25 new proposals were received. To date, 16 of the proposals have been approved.

As part of a plan to make rural areas of the island nation "more dynamic," Mr. Seaga said, he proposed exempting from stamp duty, customs duty, and retail sales tax all trucks used in carrying agricultural products. This would reduce the cost of the vehicles in some instances by as much as 80 percent. The measure, he said, would help foster greater economic development in rural areas. Additionally, to improve the quality of life in these areas, Mr. Seaga announced a long-range program to upgrade buildings, roads, and other facilities in towns and named six specific towns targeted for development this year.

In other highlights of this address, Mr. Seaga declared that no new taxes would be imposed, provided that \$19 million in back taxes would be collected.

He said that plans to expand production and exports of bauxite and alumina--key earners of foreign exchange for Jamaica--were being formulated. In 1980, production of bauxite was at one-half its potential and of alumina, one third its potential. The Prime Minister said that

More...

increased production of bauxite and alumina would play an important role in the government's strategy for economic recovery. He later added that Jamaica has enough bauxite to last for 40 years.

To help increase employment and to develop an indigenous handicraft industry, Mr. Seaga announced the revival and expansion of a program called "Things Jamaican." The program, in its first three years, would involve more than 12,000 workers in 250 villages engaged in design work, design training and quality controlled production and marketing of handicrafts. "Things Jamaican," he said, will enable craftspeople who have no marketing outlets of their own to sell locally and overseas the work they produce.

Mr. Seaga emphasized that a principal element in his strategy for growth was "deregulation of the economy." As part of this strategy, the government is divesting state-owned enterprises, including eight government-owned hotels.

The "real flow of resources to stimulate the economy," Mr. Seaga said, "will commence in July, after the budget is passed and the release of funds from the International Monetary Fund and other financial agreements take effect."

The Right Honorable Edward P.G. Seaga, P.C.
Prime Minister of Jamaica

PROFILE

Edward Phillip George Seaga became Prime Minister of Jamaica on October 30, 1980, when the Jamaica Labour Party, which he had led since 1974, won a landslide election victory over the People's National Party.

Since assuming the office of Prime Minister of Jamaica, Mr. Seaga has worked assiduously to revitalize the Jamaican economy. In addition to negotiating for loans in excess of \$1-billion, he has been instrumental in presenting a program of hemispheric cooperation and regional assistance, which is receiving support from President Ronald Reagan. In the course of addresses to the Miami Conference on Caribbean Trade Investments, the Council of the Americas and in a commencement address at the University of Miami, where he was awarded an honorary doctorate of Law, he proposed an assistance strategy which includes private investment and trade flow, public investment of a Marshall Plan-type and a policy of fraternal relations and solidarity among like-minded nations in the Inter-American system. He also delivered an address at the 20th Anniversary Peace Corps Conference.

Prime Minister Seaga was born on May 28, 1930, and graduated from Harvard University with a B.A. degree in 1952. First elected to Parliament in 1962, he has been a member continuously for the past 18 years.

While a member of the Cabinet, Mr. Seaga was responsible for developing a range of comprehensive financial institutions which have resulted in Jamaica's Capital Market network becoming a model for developing countries. These institutions include: The Jamaica Stock Exchange, The Jamaica Mortgage Bank, The Jamaica Development Bank, The Jamaica Unit Trust and the introduction of Merchant Banking.

Mr. Seaga also represented Jamaica as:

Governor of the World Bank
Governor International Monetary Fund
Governor Inter-American Development Bank
Governor Caribbean Development Bank
Representative of the Council of the
University of the West Indies

BEGINNING OF POLITICAL CAREER

Mr. Seaga's political career began in 1959, when the Founder and President of the Jamaica Labour Party, Sir Alexander Bustamante, invited him to serve in the Upper House of the Jamaican Legislature. The Legislative Council later became the Senate. His appointment at the age of 29 made him the youngest member in the history of the Legislative Council. He was also the youngest member among the architects

of the 1962 Constitution which proclaimed Jamaica as an independent country.

In April 1962, Mr. Seaga was elected Member of Parliament for Western Kingston (one of the poorest areas of Jamaica) in the first Parliament of Jamaica. He was made a member of the first Cabinet, and appointed Minister of Development and Welfare. In 1967, he retained his seat in the House of Representatives, and was made Minister of Finance and Planning. The significance of this assignment is that it embraced national responsibility for both social and economic change in the country; and it provided Mr. Seaga with the opportunity to initiate widespread reforms in the areas of finance, culture, social development (particularly rural and urban community development), and sports.

DEVELOPING NATIONAL INSTITUTIONS

In the span of ten years as a Minister of Government, Mr. Seaga spearheaded, or was closely associated with, the establishment of a large number of national institutions vital to the development of the new nation. He was responsible for planning and organizing major economic projects, establishing codes and standards for orderly growth in both public and private enterprises, and building a new spirit among Jamaicans through the recognition of their cultural heritage and the practice of self-reliance.

As Minister of Finance, Mr. Seaga introduced a number of tax reforms which, like the previously listed financial institutions, were designed to strengthen the country's economic self-reliance, reduce the need for heavy overseas borrowings, and build up national foreign exchange reserves. He also initiated the program of Jamaicanisation, in which there was an orderly transfer of business from full foreign ownership to majority Jamaican ownership. This was successfully effected in such areas as banking, insurance, utilities, and prime agricultural lands.

BUOYANT ECONOMIC GROWTH

The country experienced its most buoyant economic growth and prudent financial management during Mr. Seaga's period of stewardship of its financial affairs.

Mr. Seaga established the Urban Development Corporation, which undertook the redevelopment of the waterfront areas of Kingston, Ocho Rios and Montego Bay; parts of Negril and Hellshire where a new city of 150,000 population has been planned. All these areas were previously derelict, mangrove swamps or rugged terrain.

Today, some of the most monumental developments of the Kingston and Ocho Rios skylines, as well as other planned urban communities, are the result of this redevelopment work.

In the field of culture, Mr. Seaga initiated the Jamaica Festival as a showcase for the Island's talent in music, singing, dance, drama, art and culinary activities. He introduced the Craft Development Agency to encourage expansion of cottage industries, and set up Things Jamaican as a sophisticated production complex for the work of the people.

PROMOTED POP MUSIC

He also encouraged research work in folk art, promoted indigenous pop music, and worked out the initial plans for the Cultural Training Centre which embraces the performing, plastic and graphic arts.

Internationally, Mr. Seaga proposed the establishment of the International Fund for the Promotion of Culture (UNESCO) in 1971, and was a founding member of the Administrative Council set up by UNESCO to govern this new organization which has responsibility for world cultural development.

In aiding the search for a national identity, Mr. Seaga brought back to Jamaica the remains of Marcus Garvey, Jamaica's first National Hero. He also established the National Heroes' award, introduced National Heritage Week, and formulated plans for development of the Arawak Museum, the Seville Museum and the historic work of excavating artifacts from the sunken city of Port Royal--all designed to embrace different periods of Jamaica's history.

COMMUNITY DEVELOPMENT

Mr. Seaga's work in community development is equally impressive. He wrote the blueprint, and organized the implementation of the One Hundred Village community program, in which total community development was brought annually to 100 villages. Through this plan, there was concentration of development work in the field of literacy, sports, craft, culture and cooperatives, in addition to the improvement of community infra-structure.

The program involved 10,000 villagers islandwide, some 5,000 of whom found gainful employment through craft production generated in the villages.

The National Volunteers Organization was a brainchild of Mr. Seaga, and before it was phased out by the previous government, the NVO made a notable contribution in mobilizing Jamaicans to help one another, particularly in activities related to the young and to the aged, in the Golden Age Program.

TIVOLI GARDENS A MODEL

It is the development of the human being (and particularly the youth) that has always been of greatest concern to Prime Minister Seaga. He once said that in all work the focus of attention must

be on the people. The outstanding example of this creed is his work in transforming a Kingston slum known as "Back-O-Wall" into a vibrant community called "Tivoli Gardens," a model of total development planning.

This concept of complete community development features a maternity center, home economics center and nursery school for infants, and a multipurpose community center with playing fields for recreation, meetings, sports, craft and skill training programs.

The results in national, cultural and athletic competitions have made Tivoli Gardens outstanding in Jamaica as an example of what underprivileged youth can accomplish with proper opportunities.

Mr. Seaga developed the concept of youth centers, which provided cultural and athletic facilities for the youth in major urban areas. He organized the first network of islandwide inter-village sport competitions.

Mr. Seaga introduced easy credit arrangements for students and farmers. Under these arrangements, students could borrow money for the costs of higher education, and repay after graduation. Small farmers, for the first time in local history, obtained long-term low-interest funds to finance total development of their holdings.

CHANGE WITHOUT CHAOS

Prime Minister Seaga has been one of Jamaica's pioneers in economic, social and cultural reforms. He had made "Change Without Chaos" the practicing motto of his successful political vocation.

Mr. Seaga was honored in 1980, at functions celebrating his 21st year in politics.

Mr. Seaga did advanced studies in sociological research projects in Jamaica, and is author of "Development of The Child" and "Revival Spirit Cults."

He also had a successful career as a financial advisor and as the owner of a financial institution since 1972.

In 1965, he married Mitsy Constantine, "Miss Jamaica 1964." They have three children: Christopher, Annabella and Andrew-Marc.

Recently, H.M. Queen Elizabeth II appointed Prime Minister Seaga to the Privy Council, an appointment which entitles him to be designated The Right Honorable Edward P.G. Seaga, P.C.



The Rt. Hon. Edward P.G. Seaga, P.C., Prime Minister of Jamaica

Up From Manley

Jamaica Starts on the Long Road Back From Serfdom

PUBLIC RELATIONS, charisma or the natural tendency of the left to take care of its own? One way or another, Michael Manley, former Prime Minister of Jamaica and still titular head of the People's National Party, has learned that at least for some ex-heads of state, defeat at the polls can be almost as sweet as victory. Swept out of office last October by a resounding protest vote, Manley soon found himself lionized on U.S. network television. Shortly afterward, he was offered a \$60,000 senior fellowship from the International Development Research Center of Canada, the president of which once served as foreign affairs adviser to Pierre Trudeau, himself an old friend of Manley's. Moreover, for the past few weeks, the Jamaican politician, who also counts among his comrades Fidel Castro, has been off on a three-week tour of such Third World countries as India and Tanzania; last month he turned up in Washington, D.C., where he was the featured speaker at a lecture sponsored by the Institute for Policy Studies, radical think tank and forum of the far left.

* * *

What the charismatic Manley told the Third Worlders and fellow travelers along the way has failed to appear in print, but, on previous form, he probably parroted the party line in a kind of Marxist pidgin. Back in 1974, for example, during a dispute with North American producers of aluminum over the price of bauxite, the socialist Prime Minister repeatedly spoke of "my raw materials and my people." He also made it perfectly clear that he views contractual obligations and treaty commitments alike as scraps of paper. During last fall's elections, Manley (as quoted by ABC News) made a campaign speech in which he said in part: "What they would have you believe is that if we abase ourselves at the seat of imperialist power in the world, that somehow money will come like manna from heaven. Well, let me tell you, comrades, we tried that. . . . And all that happened in Jamaica, the few who were rich grew richer and richer and richer, and the poor grew poorer and poorer and poorer." Not surprisingly, at a dinner thrown in his hon-

or two years ago at the Grand Kremlin Palace in Moscow, Manley applauded Leonid Brezhnev as "the genuine friend of all national liberation movements," and Lenin as "the greatest."

To be sure, Manley's "middle-of-the-road" successor, Edward Seaga, favorite son of the Jamaican Labor Party, lately has done his share of traveling, especially to the United States, and enjoyed his share of honors. Last January he became the first head of government to receive a formal invitation to the Reagan White House, at which he exchanged toasts and pleasantries with our own Chief Executive and went home with the quiet promise of an IRS ruling that trade conventions held in Jamaica (like Canada and Mexico, which are barely civil to the U.S.) henceforth will be deductible as a business expense for tax purposes. Last week the new Prime Minister was in Florida to give the commencement address at the University of Miami and to get an honorary doctorate of laws.

Since he took office, however, most of his comings and goings have involved dollars-and-cents: ways and means to keep his country, impoverished and desperate after eight years of Manley misrule, alive if far-from-well. Last November Prime Minister Seaga confronted a national treasury that was worse than empty; in terms of foreign exchange, it was heavily in hock. Thereupon ensued months of intensive negotiations with creditors, public and private alike, to restore Jamaica to solvency, an effort which has now paid off. Specifically, a consortium of eight major commercial banks, headed by Citicorp, has agreed to refinance existing loans totaling \$103 million and to make \$70 million in new ones. Eleven Western governments have pledged to make available another \$350 million this fiscal year, which began on April 1. Last month the International Monetary Fund, in a loan agreement with fewer than usual strings attached, agreed to advance nearly three quarters of a billion dollars over the next three years, with the schedule of disbursements "front-loaded" (i.e., more in the first 12 months or so).

As a fund-raiser, Edward Seaga clearly rates as a smashing success. However, to restore his country to viability, far more will be needed and more seems in the works. To reduce the staggering government deficit, Kingston has launched a program to divest itself of some of Manley's costly white elephants in the public sector, notably a clutch of deficit-ridden resort hotels. It is working hard to attract foreign investment, on which score it already can claim at least modest gains. It has extended a warm welcome to those of its people, notably the skilled workers and professionals, who in the 'Seventies fled the island in droves and have now begun to return. Finally, by its firm pro-Western stance, anti-Communist and anti-Cuban, it has stiffened backbones in a part of the world which, to judge by Nicaragua and El Salvador, remains all too vulnerable to infiltration and subversion. Much remains to be done, nor can anyone be sure that a "middle-of-the-road" approach, with its inevitable compromises and shortcomings, will succeed. But at long last Jamaica is headed up from Manley, and that's surely the right way to go.

Like a stock just coming off a bottom, the new government in Kingston starts from a very low base. Under Manley's brand of socialism, the island's economy—once, despite his campaign rhetoric, in flourishing estate—suffered an unprecedented decline. After 1974, when his regime successfully (and doubtless illegally) imposed heavy new taxes on the bauxite producers, foreign and domestic capital alike promptly departed for more hospitable climes. It was soon followed by many of Jamaica's most talented, productive people, who turned their backs on a land of near-runaway inflation, punitive taxation and mounting social unrest; according to one estimate, the island in the dismal 'Seventies lost upwards of 40% of its middle class. In contrast to virtually every other country in the Caribbean, Jamaica between 1972 and 1979 showed a relentless decline in the production of goods and services: by 14%, as measured in the local currency, by over 60% in terms of

the U.S. dollar. When Edward Seaga took over in November, both unemployment and inflation were running at more than 30% per year. The nation's coffers, as noted, were empty.

First order of business, accordingly, was to restore Jamaica's cash flow and credit, a far-from-easy task which the Prime Minister (who, by the way, also serves as Minister of Mining and Finance) has accomplished with remarkable dispatch. Thanks to advances of \$20 million from Venezuela, \$25 million from the United Kingdom, \$60 million from the U.S. and \$40 million from four foreign commercial banks, Jamaica was able to cover the accumulated foreign exchange deficit with something to spare. Then it launched upon negotiations for longer-range financing, the successful outcome of which, according to S.J. Rundt & Associates, knowledgeable consultants on international business, should rapidly ease the foreign exchange squeeze and speed up long-overdue payments on imports.

That, of course, is merely a promising start. As one of the most vituperative anti-Manley columnists on Jamaica's anti-Manley *Weekly Gleaner* (which fought an epic battle for survival) not long ago caustically observed: "The honeymoon with the Seaga government is fast coming to an end. . . . So far, he has shown us that he is a good book-keeper. After nine years, we are still waiting for a prime minister." Anti-establishment and properly tart, in the best journalistic tradition, but also a bit premature and unfair. The Prime Minister is moving to shrink the bloated public sector, which, under his predecessor, swelled to the point where it was losing

hundreds of millions of dollars per year; two weeks ago, the Minister of Tourism unveiled plans to lease or sell eight money-losing hotels. Foreign investment has begun to revive: Canadian and U.S. interests have sent teams to the island to explore investment opportunities, while the aluminum industry, for the first time in nearly a decade, is blueprinting expansion. Perhaps the most impressive of all, according to the *Weekly Gleaner*, talented exiles in growing numbers have come to the conclusion that you can go home again, thereby in effect voting with their feet.

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Besides the Jamaicans in exile, the U.S. and the Western alliance also have been given a second chance. Prior to last autumn, the Caribbean, so more than one dispassionate observer had concluded, stood in grave danger of becoming another Red sea. As opposition leader at the time, Edward Seaga charged that thousands of Cubans were freely "operating in and out of Jamaica and that enough stores were housed in a Cuban school project to feed a small army." Under Marxist Manley, in short, Jamaica had become a cutting edge for the Communist thrust in this part of the world. No longer. Scarcely had he taken office when the new Prime Minister kicked out the Cuban ambassador. Ever since, he has moved to beef up his country's decimated police and security forces, all the while urging his democratic neighbors to make common cause against Havana and Moscow. Radical elites, both at home and abroad, will protest, but the rest of us should be grateful for the fair wind from Jamaica.

—Robert M. Bleiberg