

Jamaica: 'Waiting for the situation to ripen and rot'

by Carlos Wesley

Not long ago, a leader of the opposition Jamaican Labour Party explained his party's strategy for coming to power: "We are waiting for the situation to ripen and rot, then the government will fall into our hands."

That moment may well be close at hand. Jamaica's Prime Minister Michael Manley announced last week that he was calling national elections for no later than October, because of the country's rapidly deteriorating economy and the impasse that has developed in the ongoing negotiations with the International Monetary Fund (IMF) over further reductions in the budget.

The IMF is refusing to release close to \$17 million in desperately needed foreign exchange due Jamaica under the terms of a three-year loan agreement reached in 1978. They will hold the funds until Manley's government agrees to pare government expenditures by a total of \$168 million. Half of that, \$84 million, would have to be cut back immediately, while the other half would be sliced from the coming year's budget. While Manley has agreed to reduce expenditures by two thirds of the amount demanded by the IMF, he refuses to give in on the remaining third. To do so, he says, will mean "a social disaster." It is over these additional cuts that the impasse with the IMF arose.

At issue here is Jamaica's political and economic sovereignty. U.S.-born Edward Seaga, leader of the opposition JLP, has made no bones about this: "Those who believe that we are dealing with an economic problem here, had better realize that we are dealing first and foremost with a political problem." In a recent interview with the London *Economist*, Seaga said that there was a 50-50 chance of a civil war between Jamaica's two major political parties, the JLP and the governing People's National Party (PNP) of Michael Manley.

Manley has already made major concessions in the hopes of having the IMF grant the waiver requested by Jamaica. Notably, in foreign policy, Jamaica broke ranks with Cuba for the first time in years by voting at the U.N.

to condemn the Soviet Union's intervention into Afghanistan. Manley has also agreed to reform the electoral laws, which should improve the JLP's chances of winning the elections in October.

But, having forced Jamaica into its current predicament in the first place, the IMF is not about to let Manley off the hook. He is the one blemish in the IMF's otherwise unbroken record of "toppling more governments than Marx and Lenin combined," as a recent article in the *New York Times* put it. The plan is to have Manley preside over the final collapse of what remains of Jamaica's economy, blame him for the disaster, and then force him out in favor of a government more willing to impose austerity, probably headed by Seaga.

As things now stand, it is not even certain that Manley will last until the October elections. "We are facing a difficult situation; very, very difficult," Jamaica's Ambassador to the United Nations, Donald Mills, told *EIR* last week. Jamaica has obtained a \$50 million loan from Libya, which should keep it going through February and it is negotiating with Algeria, Mexico, and Venezuela for agreements that would reduce its oil bill and provide some foreign exchange. But for the long term, even if the IMF comes through, Jamaica is "between the devil and the deep blue sea, as the Americans say," Ambassador Mills confessed.

The IMF squeeze

Jamaica's case is a classic example of how the IMF imposes its policy of deindustrialization. The basic formula is relatively simple: engage in long, protracted negotiations with the selected target by which, in exchange for a loan, the victim agrees to self-imposed austerity measures. These measures, in turn, diminish the victim's ability to pay back the loan, leading to further negotiations, more austerity, less likelihood of payment, and so on in a downward spiral.

After toying with Jamaica for several years, the IMF

“moved in for the kill” in 1977. In exchange for a \$77 million installment loan, Jamaica agreed to restrict government borrowing, cut back expenditures and imports, reduce wages, and devalue its currency. But by the end of the year the IMF cancelled the agreement, claiming that Jamaica had failed to live up to its part of the bargain. Following more long negotiations, Jamaica again devalued its currency almost 50 percent and agreed to further reduce the budget, cut back imports, and reduce wages. In exchange, the IMF in May of 1978 gave Jamaica a \$200 million installment loan over three years.

The IMF also got Jamaica to agree to IMF “monitoring teams” taking up residence at the Bank of Jamaica. There it could ensure that Jamaica complied with the “conditionalities” under which the loan was granted.

But by June of 1979, the loan again had to be renegotiated and, in exchange for another \$80 million, Jamaica agreed to balance its budget. It is this latter criterion that the IMF is now claiming Jamaica failed to adhere to, leading to cancellation of the agreement this past December.

So what has Jamaica gained by following the IMF dictates? For one thing, a domestic inflation rate in 1978 of 46 percent, fueled by the import restrictions imposed by the IMF. While the figures for 1979 are not yet in, they are likely to be higher.

Jamaica’s import bill has remained relatively unchanged in dollar terms since 1974. Then, Jamaica imported \$809 million worth of goods, while in 1978, the amount was \$865 million. It is true that one year later, in 1979, the import bill had climbed to \$973 million, \$108 million more than in 1978. But that increase corresponds almost exactly to the increased prices that Jamaica had

to pay to obtain fuel—\$107 million. But the fact is that Jamaica imported more than 10 percent *less* fuel in 1979 because of strict conservation measures imposed by the government!

In fact, after adjusting for inflation, which last year alone was over 14 percent, Jamaica’s imports have *decreased* substantially in all areas since 1974.

No money has been saved by the government by cutting back imports. Though it imports a large proportion of its feed and other consumer goods, these only account for 15 percent of its import bill. The largest share, 62 percent, goes toward the purchase of raw materials and fuel to keep its industries going. Under the IMF agreement, importers must now obtain a license from the Bank of Jamaica to purchase goods abroad. The bank has granted very few licenses since October of last year and mainly to those importers that can obtain the goods on credit payable a year from now. Since importers are already in arrears from previous years, they are not finding many foreign suppliers willing to extend further credits. Estimates are that unless import restrictions are eased soon, over 50 percent of Jamaica’s factories will have to shut down by the end of February. By the end of March, that figure will have climbed to 91 percent of all manufacturing concerns, further aggravating an already high unemployment situation and the foreign exchange problem, since there will be fewer goods available for export.

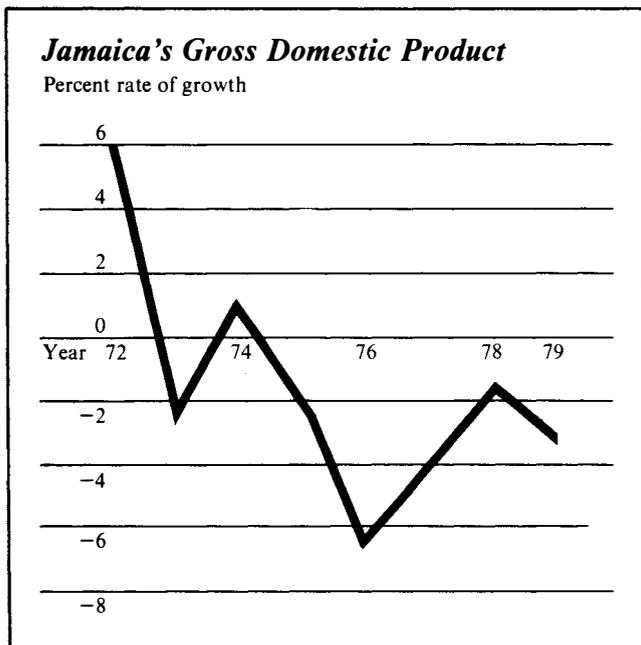
Negative growth

The trauma that Jamaica is now undergoing can be shown graphically in the drop in the Gross National Product (GNP). Last year, the GNP was -3 percent, the fifth straight year in which negative rates have been posted. Since 1975, Jamaica’s GNP has decreased by an aggregate of almost 18 percent. In fact, about the only sectors of the economy that have shown any growth are gambling and drugs.

Even foreign loans have not eased the situation since 75 percent of those loans go to servicing Jamaica’s considerable foreign debt of over \$1.5 billion. For example, just last month the Dutch loaned Jamaica \$22 million, but more than half of it, \$12.5 million, went toward debt service.

The IMF regime has created an impossible situation where even the most basic of commodities have become luxury items. Bread, salt, flour, detergent and soap are some of the items that have disappeared from the shelves of local supermarkets just during the past few weeks.

Were Manley to impose the full budget reductions demanded by the IMF, it would require the layoff of 11,000 workers as well as substantial reductions or even the outright elimination of subsidies for food and fertilizer imports, a shut down of the literacy program and the



imposition of additional taxes. No government can impose those levels of austerity and remain long in power.

Nevertheless, the IMF is blaming Manley's "intransigence" for Jamaica's collapse. According to *The Economist* of Feb. 9, "the country's bankruptcy is blamed on the Prime Minister's profligate spending." The British journal added that, in Jamaica's slang, "IMF means 'Is Manley Fault'." The line put out by the IMF in an article in the *New York Times* on Feb. 5 claimed that the IMF has been "remarkably liberal with Jamaica." "Why," it adds, "the IMF has been flexible" and granted loans to Jamaica with very "soft terms," despite Manley's refusal to "make deep cuts in the swollen government payroll."

Marijuana production

The only Jamaican growth sector under IMF programs

While everything else in Jamaica may be going to pot, marijuana production is experiencing a boom. Why? It is a crop that grows under virtually any condition, requires no fertilizers and very little investment of time or technology, and there is an easily accessible and growing market in the nearby United States ready to pay for the weed in hard cash.

And for a country that has had its currency drastically debased (the value of the Jamaican dollar is almost half of what it was at this time in 1978) and where even the most basic necessities of life are hard to come by, hard cash is a commodity in demand. "For instance, take St. Thomas, the island's southeast," a prominent Jamaican told *EIR*. "People there have never had anything. Now, with ganja [the local name for the drug] they can afford new clothes, new shoes and new houses." Our source added that, increasingly, large areas of Jamaica resemble Colombia's drug-producing Guajira Peninsula.

The key factor in turning Jamaica into a drug producer has been the International Monetary Fund's demand that Jamaica find itself a foreign exchange earner with which to pay its over \$1 billion debt. Last year alone, debt service obligations swallowed-up more than one third of Jamaica's foreign exchange earnings, leaving precious little to pay for food and energy imports, most of which comes from abroad.

Local sociologist and columnist Carl Stone, is one who advocates legalization of marijuana as a cash crop.

In a recent column he "saluted the courage and organizational depth" of marijuana growers, "who have tried to create employment and develop a viable industry out of one of our natural export products." The newspaper that employs Stone, the *Gleaner*, agrees with this view. "The salvation of this country lies in ganja," it said in an editorial not long ago. "We should stop producing so much sugar cane and produce more ganja instead," the *Gleaner* added.

Millions of dollars and untold efforts have been invested to pressure Jamaicans into accepting the notion that "ganja is to Jamaica what Coca-Cola is to the United States," as Stone put it. The U.S. National Institute of Mental Health, for example, sponsored a 20 year-long study by psychologist Vera Rubin on ganja use in Jamaica. Her conclusions: Marijuana is good, Workers engaged in the "most grubby, menial kind of labor," said Rubin, spend "something like 65 percent of their thoughts" concentrating on their work while under the influence of marijuana. Stone claims that at least 50 percent of all Jamaicans use marijuana on a regular basis.

Another effort involves local culture here, reggae singer Bob Marley, whose career, until just a few years ago, was limited to second class nightclubs in Kingston's ghettos and a couple of records that nobody bought. All that changed when Marley, who belongs to the marijuana-smoking Rastafarian cult, was "discovered" by major American and European producers who have succeeded in promoting Marley to the status of "major international superstar." And they have almost succeeded in convincing the world and Jamaica that Marley's reggae promoting "burning and lootin," "I shot the sherriff" and "smoke the herb" is Jamaica's national music.

The Coptic Farm Co.

The way that Jamaica has been transformed into a major drug production center is best exemplified by the operations of a group called the "Ethiopian Zion Coptic Farm Co.," leading drug producers in the St. Thomas parish. This Florida-based cult is seeking to be recognized as a church by the U.S. Internal Revenue Service and is waging a legal battle in Florida to be allowed to use marijuana as a "sacrament."

The Ethiopian Zion Coptic Farm Co. has established a very successful and sophisticated marijuana producing and drug running operation out of St. Thomas. Using modern airplanes and boats owned by subsidiaries of its parent company in Florida, the cult has developed major operations not only in St. Thomas—once known for producing Jamaica's famous Blue Mountain coffee—but in other parts of the Caribbean, including Colombia's Guajira Peninsula.