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JAMAICA AFTER THE ELECTIONS: OPPORTUNITY FOR ECONOMIC RECOVERY

INTRODUCTION

On August 6, 1962, the day Jamaica achieved its independence from Britain, the country's first Prime Minister, Alexander Bustamante, announced "the irrevocable decision that Jamaica stands with the West and the United States." This irrevocable decision held true for one decade (1962-1972), the most prosperous decade in the island's history. During this period, Jamaica became an attractive site for foreign investment, rapidly increasing the country's productivity and with it the Jamaican's standard of living. This prosperity came to an abrupt end following the victory of Michael Manley and the People's National Party (PNP) in the elections of 1972. Manley proceeded to implement socialist reforms which eroded the country's economic structure until the economy nearly collapsed in 1980. These reforms reduced the standard of living sharply and caused nearly half of all Jamaican professionals to flee from the poverty-stricken island. The recent election results in 1980, with the landslide victory of the pro-U.S. and free enterprise Jamaica Labour Party (JLP) leader, Edward Seaga, have once again brought hope to the Jamaican people for better times ahead. Under the Seaga Administration, Jamaica has the potential of becoming a viable free enterprise alternative to Cuba's communist model.

MANLEY'S ECONOMIC FAILURE

During its eight years in office, the Manley government almost completely destroyed the Jamaican economy. At the time of Manley's defeat, unemployment was running at more than 35 percent; the figure stood at roughly 50 percent among the nation's youth. Inflation had skyrocketed as well; prices had increased by 78 percent since 1977. Even for those who could afford Jamaica's exorbitant prices, it was still difficult to locate any commodi-

ties. In fact, the scarcity of such staples as bread and soap reportedly was the cause of riots in Kingston supermarkets. Overall, Jamaica suffered a 25 percent reduction in its standard of living from 1972-1979.

Manley placed the blame for his nation's plight upon imperialism and the Organization of Petroleum Exporting Countries. In reality, however, much of Jamaica's economic turmoil was home-grown. Manufacturing output declined by 10 percent during Manley's last year alone. Agricultural production diminished, with the important banana crop having fallen 78 percent in volume since Manley assumed power. Overall Gross National Production had declined sharply since 1972. Only marijuana production increased, becoming Jamaica's principal source of foreign exchange. These developments derived largely from policies initiated by Manley during his eight years in power.

In his early years in office, Manley introduced a series of reforms under the banner of "democratic socialism" -- measures ostensibly designed to decrease the island's still pervasive poverty, but which, coupled with Manley's pro-Cuban rhetoric, began to take the appearance of "creeping communism." Manley forced foreign mining companies to sell the majority of shares of their bauxite operations to the Jamaican government, and later introduced an expropriatory tax on bauxite exports. As a result Jamaica's share of world bauxite exports fell from 18 percent to 12 percent, with its net production declining by a third.

In a similar action, the Manley government nationalized eight of the island's twelve sugar plantations; since 1974, Jamaica's sugar production has fallen by 22 percent. Punitive tax policies, aimed primarily at the country's middle class, contributed to a massive exodus of educated Jamaicans. During Manley's two terms in office, an estimated 40 percent of Jamaica's professionals fled the island -- primarily to Britain, Canada, and the U.S.

Manley's counter-productive socialist measures, combined with increased government size and spending, forced his government to seek loans to remain functioning. In 1978, Jamaica turned to the International Monetary Fund (IMF) for emergency relief. Over the course of the next two years, the IMF supplied Jamaica with \$350 million, on terms which required that the Jamaican government pursue sounder economic policies. In 1980, however, when the IMF demanded that any new aid be accompanied by austerity measures, Manley terminated loan negotiations. As a result, the Manley Administration was unable to secure new loan agreements from any of the 100-plus commercial banks holding more than 1 billion dollars in Jamaican government debts. The loans the Manley Administration did obtain, \$50 million from Libya and \$43 million from European and OPEC nations, were insufficient to counter Jamaica's 1980 deficit.

Due to Jamaica's insolvency, foreign exchange reserves were depleted, making it impossible for manufacturers to import vital industrial commodities. This, in turn, exacerbated Jamaica's unemployment problem: from January 1980 through September 1980, 78 factories were forced to close, adding at least 5100 people to the island's unemployment rolls. According to the best economic surveys, per capita income in Jamaica fell about 40 percent during the Manley years.

FOREIGN POLICY UNDER MANLEY

Since 1974, Manley pushed his country closer and closer into the Soviet orbit, and developed particularly good ties to the Cuban government of Fidel Castro. Manley became a staunch supporter of Cuban interventionism in Africa and defended the placement of Soviet combat troops in Cuban bases. At the same time, he condemned the U.S. military presence in the area as "imperialism." Ironically, the Soviets have praised Manley's Jamaica as a true non-aligned country within the Third World.

Manley's hostility to the West extended beyond the North-South debate; he opposed Western society on a variety of social and political issues. In a speech before the Conference of Non-Aligned Nations in Havana on September 4, 1979, Manley declared: "We may call ourselves communists, socialists or humanists or simply progressive, but all anti-imperialists know that the balance of power irrevocably changed in 1917 when there was a movement and a man in the Great October Revolution, and Lenin was the catalyst and unmovable rock." To specifically associate imperialism with the U.S., he went on to state: "No area in the world has been more exposed or has experienced more or been closer to imperialism than Latin America and the Caribbean. We have seen Guatemala's progressive forces extinguished, destroyed in the Dominican Republic and undermined and finally overthrown in Chile."¹ In the same speech, Manley pursued the anti-U.S. stance by supporting "those who struggle for the independence of Puerto Rico," and denouncing the "economic blockade against Cuba" and the U.S. military presence in Cuba's Guantanamo Bay. In the speech, Manley indicated "non-alignment" should not be confused with "neutrality" in the conflict between the Western and Communist worlds. In a similar speech presented by Manley during his April 1979 Soviet tour, he praised Cuba and the Soviet Union for their actions in Africa and referred to Brezhnev as "our respected comrade, the genuine friend of all national liberation movements, the leader and ally of all those who struggle against imperialism."²

¹ Foreign Broadcast Information Service, Latin America, Daily Report, Tuesday, September 18, 1979, Vol. VI, No. 182, Supp. 026, Speeches at Sixth Nonaligned [sic] Foreign Ministers Summit Meetings, Part I, pp. 43-45.

² Steven D. Symms, "Manley's Soviet Love-Fest: Is Jamaica the Next Cuba?," Congressional Record, July 17, 1979, p. E3691.

The Carter Administration's "ideological pluralism" policy, designed to demonstrate its "tolerance of ideological diversity," provided the Manley government with a large increase in U.S. foreign assistance. In contrast to the Ford Administration, which provided Jamaica with a modest \$2.2 million in economic assistance for 1976, the Carter Administration increased the economic assistance to Jamaica to \$32.1 million for 1977. This policy created friction between the pro-U.S. Caribbean and Latin American nations and the Carter Administration, since these traditional allies of the U.S. received far less generous assistance from the United States. An economic officer at the Jamaican Embassy in Washington pointed out prior to the Jamaican October 1980 elections that, since 1977, the U.S. has given Jamaica almost \$100 million in aid apart from the \$22 million which had been made available to Jamaica through the Food for Peace Program. In addition to economic aid, the Carter Administration also sought to provide the Manley government with diplomatic support.

In 1977, Manley was received warmly by President Carter at the White House -- on the very day the Jamaican leader chided the World Bank for having failed to invite Cuba to a conference on Caribbean development. Although the \$100 million in aid failed to persuade the Manley government to become less hostile to the U.S., Carter sent four high-level delegations to Jamaica -- one headed by First Lady Rosalynn Carter, one by State Department official Philip Habib, and two by former U.N. Ambassador Andrew Young.

It is fitting that Andrew Young should have been sent twice to Jamaica to represent the Carter Administration, for in many ways the President's accommodating view of Manley's anti-Americanism is the product of the former Ambassador. In an article written for the Washington Post (August 25, 1980) Ambassador Young wrote "The American difficulties with Jamaica began with Henry Kissinger in 1975" when Kissinger attempted to solicit Jamaican support for U.S. opposition to Cuba's intervention in Angola.

Ambassador Young conveniently overlooked a variety of hostile actions taken by Manley prior to 1975: his expropriation of American-owned mining operations, his anti-American invective, and his attempts to establish an OPEC-style bauxite cartel. Even if Young were correct -- that the first sign of friction between Washington and Kingston arose over the issue of Angola -- his failure to see anything amiss in Manley's hypocritical approval of Soviet imperialism reflected the Carter Administration's failure to understand the threat imposed to the U.S. security by pro-Soviet or anti-U.S. elements of the Third World. Manley, of course, was well aware of the Carter Administration's leniency with his nation; thus, Carter ought not to have been surprised when, after having accepted millions in aid from the U.S., Manley proceeded to attack the U.S. so vehemently before the Havana Conference of the so-called non-aligned nations, and again in the Soviet Union during his April 1979 tour.

CUBA AND JAMAICA

Manley's socialist economic policies, as well as his harsh criticism of the U.S., contributed greatly to the flight of talent from Jamaica. In order to replace the thousands of professionals that left the country, Manley sought help from Fidel Castro, who provided doctors, teachers, and management personnel from Cuba. Manley tried to downplay the Cuban role, claiming that only 450 Cubans were working in Jamaica; opposition party (JLP) leaders claimed that an accurate figure would be closer to 5,000. Prior to Jamaica's latest election, Cuba's diplomatic delegation was the largest in Kingston, attracting criticism from both the Jamaica Labour Party and Jamaica's free press.

It is widely believed that the Cuban diplomats were engaging in systematic destabilization. There is evidence to support such claim: Ulises Estrada, Cuba's Ambassador to Jamaica through October 1980, is the former head of Castro's "liberation" campaign aimed at fomenting revolution throughout Latin America. Thus, it should come as no surprise that a 19,000 pound container of shotgun cartridges was confiscated enroute to the Moonex International Establishment, allegedly a Cuban front company operated by a Lichtenstein company with branches in Panama and Jamaica. Shortly after the discovery of the shipment, the Cuban manager of the Jamaican company branch, Ruperto Hart, was spotted in Miami on board a Cuban diplomatic jet with the Cuban Ambassador to Jamaica and the head of the Jamaican Ministry of Security.

Cuba also sought to play a role in Jamaica's internal security by training and indoctrinating a new police force comprised of PNP supporters (the Jamaican Home Guard) and a communist guerrilla-type brigade (the Brigadistas). The Home Guard and the Brigadistas had been built up to the point where they were nearly as powerful as the combined regular police and the Jamaican Defense Forces. The Home Guard and the Brigadistas, loyal to the People's National Party, provided that party with an excellent tool for political intimidation or a possible coup. The Jamaican Defense Forces and the local police force traditionally had been impervious to politicization. Manley, however, sought to change this by sending new recruits to Cuba for basic training and by procuring an increasing proportion of his armaments from Eastern bloc sources.

Manley also attempted to politicize the Jamaican press. In 1972, his government bought Jamaica's only independently owned radio station, giving it complete control of the island's electronic media. Jamaica's last remaining independent information service prior to the election was the newspaper Daily Gleaner. Next to his political opposition, it has proven to be Manley's single greatest and most influential detractor. Accordingly, the PNP government attempted to silence the Gleaner. Using Jamaica's economic difficulties as a convenient pretext, it gained control of the importation and distribution of newsprint, thus giving it the power to shut down the paper completely. The government then funded a competitive daily paper, and, when the Gleaner published

an article stating that both Cuba and the Jamaican Security Ministry were involved in the covert importation of weaponry, a PNP Parliamentary committee served an unconstitutional summons to Gleaner reporters in order to determine the author of the controversial article.

THE 1980 ELECTIONS

Given this combination of economic disintegration coupled with the destabilizing influence of communist Cuba and Manley's announcement of upcoming elections in Jamaica, it is not surprising that Jamaica experienced an unprecedented rise in crime and violence. Kingston was a virtual war zone, unsafe to walk through even in broad daylight. What had been particularly troubling about this rise in social disorder was the fact that much of it was politically inspired, with the capital literally divided into PNP and JLP territory, with political murders and reprisals a common occurrence.

Following Manley's February 1980 announcement of an election date later during the year, opponents to the People's National Party expressed their concern that a replay of the 1976 elections might take place. At that time Manley called for elections, and then used internal strife as an excuse for declaring a state of emergency and imprisoning his foes.³

A tactic employed in the 1976 elections was used in 1980, namely, the importation of American CIA critics who were more than willing to claim that the U.S. government was responsible for the destabilization taking place, and that the ultimate goal of such illegal interference in Jamaica's internal affairs was the overthrow of Manley. In 1976, the PNP brought in CIA turncoat Philip Agee; in 1980, it was Louis Wolf, co-editor of the "Covert Action Information Bulletin." Wolf made public a list of 15 so-called CIA operatives in Jamaica, and provided such information as their telephone numbers, home addresses, and license plate numbers. The Manley government allowed the state-run media to publish Wolf's list twice! Furthermore, PNP youth operatives distributed such information in flyer form, clearly demonstrating PNP support for Wolf's visit. The day after the publication of Wolf's list, the home of a political officer at the U.S. Embassy -- listed by Wolf as chief CIA operative -- was attacked by gunfire.

On October 5, Manley announced the date for Jamaica's general elections was scheduled for October 30, 18 months ahead of the constitutionally required election date and both parties stepped up their campaign rhetoric. Charges by both parties of intervention in Jamaica's electoral process in supposed complicity with

³ See, Jeffrey B. Gayner, "The Marxist Threat to Jamaica," Heritage Foundation Background Number 9, May 20, 1977.

foreign governments swept the island. However, with Jamaica's economy in shambles, and no visible signs of improvement, the economy became the central issue of the elections; this in turn diminished Manley's chances for re-election. Although public opinion polls projected Manley's defeat, supporters claimed the polls were an instrument of the upper and middle classes, and therefore did not represent Jamaica's majority, the poor.

On October 30, violence spread throughout Kingston as rival groups tried to keep their opponents from voting. This, however, did not prevent the majority of the Jamaicans from voting; the turnout reached 80 percent. Seaga and the Jamaica Labour Party won the elections by the largest electoral landslide in Jamaica's history by obtaining 57 percent of the popular vote. This made Seaga Jamaica's new Prime Minister and gave the JLP 51 out of the 60 seats in Parliament. The election turnout and the results clearly indicated disaffection with Manley's socialist pro-Cuban path and his poor economic performance.

Following the elections, the People's National Party opted to re-elect Michael Manley as the party leader and the next opposition leader. The PNP also reconfirmed Donald Duncan as secretary general of the party. Duncan, who is openly Marxist, stated he would not concede to the "fascist terror of Edward Seaga" and that "we now move into the next phase: revolutionary politics."⁴ However, Robert Niesh, chief of the Jamaican Army General Staff, cautioned "radical" forces opposing Seaga's government not to disrupt the country's reconstruction plans. Niesh further indicated that the 6000-man army and police forces have the capacity to face and combat any situation which might threaten Seaga's government. Winston Spaulding, Seaga's Minister of National Security, has "pledged all the assistance which the cabinet can afford" toward the security forces to decrease violence and crime in Jamaica.

To depoliticize the government-run media -- comprised of the Jamaica Broadcasting Corporation, the Jamaica Daily News and the Agency for Public Information -- the Jamaica Labour Party has proposed to set up "a non-partisan Public Media Commission, the membership of which would be selected by joint agreement of government and opposition."⁵ It would be the Commission's task to depoliticize and re-orient the government-run media, so that the media will not serve as a propaganda tool of the government. The JLP has also proposed that the government-run Jamaica Daily News and Radio Jamaica be turned over to private ownership and control, while the government-run Jamaica Broadcasting Corporation television be used to supplement education through academic programs.

⁴ John Huey, "Seaga Faces Some Major Obstacles in Restoring Jamaica's Economy," The Wall Street Journal, November 3, 1980, p. 35.

⁵ The Jamaica Labour Party, Change Without Chaos, A National Programme for Reconstruction (October 1980), "The Media," p. 26.

FOREIGN POLICY UNDER SEAGA

The Jamaica Labour Party's "Foreign Policy Guidelines" indicate that:

Jamaica is regionally linked to Latin America and sub-regionally tied to the Caribbean, culturally, socially and economically. It is sentimentally bound to its African roots, politically grouped with the Commonwealth, the O.A.S. and the Third World; and economically involved with the trade and financial patterns of the industrial world.

This complex Jamaican inter-relationship with the international community has caused Seaga's government to assume a difficult, and at times conflicting foreign policy.

Although the Jamaica Labour Party government has stressed its desire "to have friendly relations with the governments of all countries providing they do not interfere in our internal affairs,"⁶ the JLP has placed special emphasis on developing stronger relations with the United States. The first country visited by Seaga as Jamaica's new Prime Minister was the U.S. During this November 1980 tour, Seaga stated "we are ready to contain the expansion of Cubanism," and while he complained over the lack of any sound U.S. policy toward the Caribbean in the past, he praised the Reagan Administration by stating "we have had excellent vibes from the new administration" and that "the Reagan administration is coming to power at a very propitious time."⁷

Seaga and the Jamaica Labour Party have taken various steps to reduce Cuba's communist infiltration, interference, and influence in Jamaica. On November 1, the same day Seaga was sworn in as Jamaica's new Prime Minister, the newly inaugurated Jamaica Labour Party government delivered a note to the Cuban government requesting "that Ambassador Estrada be recalled from Kingston immediately." On December 2, 1980, Ken Jones, the new director of the Agency for Public Information delivered instructions to remove the photographs of Fidel Castro and other communist leaders on exhibition at the Agency's offices.

The Seaga government has also initiated a process to investigate the Cuban-trained Brigadistas. However, this process might be lengthy since all the files on the Brigadistas were removed from the Housing Ministry to an unknown destination. The Seaga

⁶ "Minister Hugh Shearer Outlines Foreign Policy," FBIS, Latin America, Daily Report, Tuesday, December 16, 1980, Vol. VI, No. 243, p. S2.

⁷ Alison Muscatine, "Jamaican Leader Says Caribbean Communism Wanes," The Washington Star, November 24, 1980, p. 20.

Administration, through its Ministry of Foreign Affairs, has requested that the Cuban government provide all information pertaining to the Brigadistas program, as well as information on the 1500 Jamaicans who received training in Cuba through this program.

The Jamaica Labour Party is implementing a pro-Western foreign policy, which will "combat the threat of alien ideologies" through an "improved life" propelled by "private initiatives" understanding "how essential to national development are profits, savings and investments." While Jamaica plans to incorporate a lower profile foreign policy, it will place greater emphasis on the Caribbean area, its "natural area of interest and influence," which in the past had been neglected. Even though Jamaica's foreign policy advocates "non-interference," it will nevertheless "commit itself to the struggle against racist regimes," and express "disapproval" over human rights violations.⁸

SEAGA'S ECONOMIC RECOVERY PROGRAM

In October 1980, the Jamaica Labour Party announced its "National Programme for Reconstruction" to counter Jamaica's collapsing economy; this program consists of:

a number of major public sector projects, a set of policies to stimulate the private sector, programmes for improvements in agriculture, mining, tourism, manufacturing, housing construction and financial institutions as well as a range of initiatives to deal with the problem of unemployment.

This ambitious economic recovery program proposes a series of measures needed to increase the private sector's capability of generating production and employment, and increasing export sales and revenues. To carry out this economic recovery program with private sector assistance, the Jamaica Labour Party government intends to decrease government regulations, provide tax incentives, "rationalize" the government's bureaucracy, insure the availability of raw materials and spare parts needed by factories, manufacturers and farmers, and provide funding for new projects in Jamaica. However, even though the Jamaica Labour Party government expects considerable private sector growth, it estimates it will take three years before Jamaica can "earn rather than borrow its way out of" its present economic difficulties.⁹

⁸ The Jamaica Labour Party, Foreign Policy Guidelines.

⁹ The Jamaica Labour Party, Change Without Chaos, A National Programme for Reconstruction (October 1980), "Resources for Development: Foreign Exchange," p. 12.

During his November 1980 U.S. tour, Seaga visited several international lending organizations -- including the IMF, the World Bank and the Inter-American Development Bank -- to discuss and develop a lending program for Jamaica's reconstruction and to solve its immediate insolvency problem. Following exploratory talks with the IMF, Seaga announced that Jamaica was eligible for loans up to \$600 million over the next three years (1981-83) "at attractive and concessionary rates of interest."

However, the Jamaica Labour Party foresees financial shortages for its production expansion projects. Therefore, it has devised a strategy to attract funds and foreign investments into the country through the formation of a "Capital Development Bank." This bank project is designed to encourage foreign investors to assume operations in Jamaica by providing "equity and loan financing" for "joint-venture projects comprising foreign and Jamaican interests." The Jamaica Labour Party will request that friendly governments and international development institutions subscribe to the "initial authorized share capital of U.S. \$100 million" along with Jamaica.

In order to obtain an additional funding source for Jamaica's economic recovery, Seaga has initiated negotiations to resume channels of commercial credits for his country. This task has been difficult due to Jamaica's poor credit ratings developed during the Manley years. Nevertheless, Seaga has been conducting negotiations with the "commercial banking system" to obtain letters of credit for the country's most "urgent needs." Furthermore, Seaga has had to initiate negotiations to refinance and reschedule Jamaica's external debt, which accounts for \$898 million out of the country's "gross national debt" of \$2.2 billion.

Due to Jamaica's insufficient financial resources, the Seaga government has placed special emphasis on the country's two principal legal sources of foreign exchange and revenues, the bauxite and tourist industries. The recuperation and expansion of both these industries are of critical importance to the island's economic recovery -- particularly the tourist industry which has drastically deteriorated due to Jamaica's adverse image and violence.

To remedy the depressed tourist industry, the Seaga Administration has initiated a program to improve tourist services, including air transportation and tours; it is restoring historical sites and has begun an advertising campaign aimed at attracting tourists from abroad. The Seaga government has also enacted a program to increase Jamaica's bauxite markets overseas, particularly within the United States where the stockpile of bauxite is being increased for strategic purposes. Internally, the government has encouraged the country's two bauxite producing organizations, Kaiser and Reynolds, to expand their operations in Jamaica.

In the case of agriculture, the Jamaica Labour Party government plans to initiate a program shortly to reactivate Jamaica's

banana and sugar industries. The production of these agro-industries has drastically decreased during the Manley years because of insufficient funds and foreign exchange with which to purchase fertilizers, tractors and spare parts for farm-related equipment. Seaga's agricultural program consists of improving irrigation facilities, allocating "foreign exchange for fertilizers, chemicals, trucks, tractors, spare parts, etc.," providing technical assistance, improving rural living conditions, providing production incentives, and promoting private ownership of farms (instead of the state-managed cooperatives, which have failed to produce the needed crops.)

In addition to the proposed programs to reactivate Jamaica's tourist, mining and agricultural industries, the Jamaica Labour Party has also designed a recovery program for the island's manufacturing and commercial enterprises. This program consists of allocating the necessary funds and foreign exchange to import the goods, spare parts, and raw materials required for this sector to resume production.

Even though the Seaga government will reduce its involvement in commercial enterprises, it will continue to assume a major role in Jamaica's economy. The "monopoly-type enterprises in the utilities and transport sectors" will remain under the government's control. However, they will receive "proper management," thereby providing the Jamaican populace with improved services at lower costs. The Seaga government will also initiate several major public sector projects aimed at reducing the island's unemployment crisis, reducing the rural migration to the urban areas, and providing improved services to all Jamaicans, particularly within the depressed rural areas. These public sector projects include a rural development program, aimed at improving the rural living and working conditions; a local transportation program, to link rural and urban areas through an improved railway network; an electricity generating program, to increase efficient electricity sources; a water program, to increase water supplies for both domestic and irrigation usage; a health program, to restore and upgrade medical facilities; and a youth program, to train youngsters in certain skills and to keep them temporarily off the job markets.

However, because of its limited financial resources, the JLP government has set priorities "to meet Jamaica's most urgent needs for food, fuel and raw materials." To fulfill its fuel requirements, the Seaga government has concluded two crude petroleum purchasing agreements at attractive terms with Venezuela and Mexico for processing in Jamaica's refinery. A third petroleum purchasing agreement is still under negotiation with Trinidad, as well as a \$23.5 million Inter-American Development Bank loan for petroleum exploration within Jamaica. The government has also obtained limited funds and foreign exchange to import urgently needed raw materials and spare parts required by Jamaica's manufacturing industries, which currently are operating at less than 50 percent capacity; similarly, funds were obtained to import the country's short-term food needs.

U.S. POLICY INITIATIVES

With the elections of Edward Seaga as Prime Minister of Jamaica and Ronald Reagan as President of the United States, Jamaica has the potential of becoming an attractive alternative to the Cuban centrally planned economy model within the Caribbean region. To assist Jamaica in confronting its devastated economy, the U.S. should provide financial assistance to rebuild the private sector and to meet Jamaica's most urgent requirements.

In the period following the rise to power of the Sandinista forces in Nicaragua, the United States provided over \$100 million of assistance to this Marxist government. With the rise to power through free elections of a strong supporter of the free enterprise system, the United States should probably provide even greater assistance. Moreover, as indicated earlier in this paper, the U.S. provided significant support to the Manley government and thus the level of assistance provided to Seaga may provide a test case to indicate whether the Reagan Administration intends to encourage developing governments to follow more conservative economic and political policies.

In the fiscal year 1981 program proposed by the outgoing Carter Administration, the U.S. promised to provide the Seaga government with \$40 million in Economic Support Funds (ESF) to stimulate the private sector. Supplemental ESF possibly may be needed to help stabilize critical balance of payments problems the new government may confront.

Through existing ESF programs and other foreign assistance programs proposed under AID, the U.S. should be able to assist in Jamaica's economic reconstruction by restoring and expanding private sector production and employment, particularly within the depressed manufacturing and agricultural industries. Funds for these industries should rapidly be made available to import the needed spare parts, fertilizers, equipment, raw materials, and other products necessary to resume operations. U.S. financial assistance should also be channeled to reactivate the tourist industry, improve and upgrade Jamaica's transportation services, and help finance programs to provide Jamaica's poor with essential needs such as health and food. With economic improvements, Jamaica need not rely heavily on marijuana as a cash crop for foreign exchange, and the U.S. should do all that it can to stop the exportation of this product to our shores.

Although substantial U.S. government assistance programs may provide vital help in the immediate future, ultimately Jamaica must succeed on its own. Rather than becoming dependent on foreign grants, the Seaga government should primarily encourage private sector investment and development. The U.S. should use its various programs to encourage foreign investment in Jamaica. Such programs include the Trade and Development program or a possible use of OPIC insurance guarantees since Jamaica's per capita of GNP has fallen below \$1,000. Moreover, the U.S. should

work through the International Financial Institutions to provide loans to Jamaica.

The overall objective of U.S. economic policy toward Jamaica should be to encourage their government to reduce its role in the economy and attract both foreign and local investment. This policy should also include the elimination of protective tariffs so that the consumer need not bear the burden for high government costs or inefficient industries. However, due to Jamaica's deteriorated economy, these policies should be implemented through a transitional period graduating from the present government-controlled economy to a mixed economy, and thereafter to the ultimate goal of a free market economy.

Finally, Jamaica may confront some security problems. It must be remembered that Cuba has lost an ally with the defeat of Manley, and it may instigate subversion on the island to create difficulties for Seaga. To prevent this from occurring, the U.S. should provide Jamaica's security forces with the training and equipment necessary to counter any aggression which threatens Jamaica's society or government.

CONCLUSION

Few countries offer a better opportunity than Jamaica for the Reagan Administration to both signal a shift in foreign policy and implement on a global basis its general prescriptions for economic recovery. Under the previous Manley Administration, Jamaica aligned herself with Cuba and adopted socialist economic policies which brought the country to the brink of bankruptcy. Despite the foreign and domestic policies pursued by the Manley government, the Carter Administration provided significant financial and political support to Jamaica. This action contrasted sharply with policies pursued toward traditional allies of the U.S. in Latin America.

With the Caribbean now in economic and political chaos, the Reagan Administration has an opportunity to construct a new policy in the area built around nations which share our economic and diplomatic objectives. Jamaica provides a sound basis for constructing such a new policy by encouraging economic growth through the free enterprise system and creating new diplomatic initiatives to isolate the Castro regime and the Marxist revolutionary movements now disrupting much of Central America. If successful in achieving economic recovery, Jamaica can provide an excellent alternative model to Cuba for other countries in the region to emulate. At the same time, Jamaica can also contribute to bringing political stability and security to the most volatile area in the Western hemisphere.

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