DEPENDENCY AS THE BASIS FOR POLITICAL CONTROL IN TRINIDAD: 1956-1981

by

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Dependency as the Basis for Political Control in Trinidad: 1956-1981

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Abstract

This thesis examines Trinidad and Tobago's political and economic development from a dependency perspective. The dependency models of T. Dos Santos and F. H. Cardoso are used to analyze Trinidad and Tobago's dependency structure shaped by historical political and economic dynamics. The economic changes from colonial dependency, financial-industrial dependency, and Multinational Corporations (MNCs) dependency are based on Dos Santos' model of dependency. However, the economic changes were preceded by political changes as well. Cardoso's associated dependency model emphasized the connection between the political elites of the center and the local political elites of the periphery as a determining factor in the support of dependency. The relationship between the political and the economic factors is emphasized to demonstrate how a dependency relationship was constructed and maintained. The colonial dependency phase is examined to determine the nature of the dependency structure from 1789 to 1956, and the financial-industrial dependency phase from 1956 to 1973 and the MNC dependency phase from 1973 to 1981 are examined to determine the nature of the changes. It is argued that Prime Minister Dr. Eric Williams and the PNM's continued support for the dependency relationship from 1956 to 1981 through his plan for "industrialization by invitation" reinforced the relationship.

The internal political struggles are looked at to determine how Williams maintained political control from 1956-1981, a control which was crucial for economic dependency. It is argued that Williams' use of mistrust between Blacks and East Indians polarized voting along ethnic lines during six national elections and assisted the PNM's control. Each national election victory from 1956, to 1981 gave the PNM the mandate to carry out Williams' economic dependency. The use of increased oil revenue from 1973 to 1981 to attract MNCs perpetuated the MNC dependency phase. Thus,
the political victories from 1956 up to Williams' death in March 1981 provided the conditions for further dependent capitalist development by allowing the infiltration of foreign investment and MNCs. As a result, the colonial dependency phase laid the foundation for a dependent export driven capitalist economy which was enhanced by political changes from 1956 to 1981 under Williams' rule and resulted in a continued alliance with foreign interests to maintain dependency as the basis for political and economic control.
Dedication

To my mother Lenore Elsie McPeanne and my brother Mark McPeanne who all provided caring support
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This thesis examines Trinidad and Tobago¹ from a dependency perspective. The dependency models of T. Dos Santos and F. H. Cardoso are used to show, by the former, the nature of Trinidad and Tobago's dependent capitalist development from a historical economic approach, and, by the latter, the alliance between Dr. E. Williams and foreign interests as a factor for promoting dependent capitalist development. The historical economic dependency approach analyses the changes from colonial dependency to financial-industrial dependency to MNC dependency. The colonial dependency relationship was instrumental in forming a dependency structure to promote capital accumulation and established transplanted institutions to maintain dependency. The colonial dependency link produced an export dependent capitalist economy and laid the foundations for financial-industrial and MNC dependency relationships. The changes in the form of dependency did not alter the class alliance between the center's owners of the means of production and the periphery's political elites but was crucial in fostering dependency. Cardoso believes that these class alliances are crucial for the perpetuation of dependency.

¹ I refer to Trinidad and Tobago as one because of international political recognition of the two islands as one, since Trinidad and Tobago are governed by a central government in Trinidad. However, Tobago's history before 1889 was different from that of Trinidad, and the population is more homogeneous (Black). In 1889 the British annexed Tobago to Trinidad because of Tobago's weak economy, and because Trinidad was the only colony left to annex Tobago to.
Dependence and dependency concepts are used interchangeably to analyze the economic relationship between developing and developed nations. Dependence is defined by Dos Santos as:

"a situation in which the economy of certain countries is conditioned by the development and expansion of another economy to which the former is subjected. The relationship of inter-dependence between two or more economies, and between these and world trade, assumes the form of dependence when some countries (the dominant ones) can expand and can be self-sustaining, while other countries (the dependent ones) can do this only as a reflection of that expansion, which can have either a positive or negative effect on their immediate development."\(^2\)

Dependence is an economic relationship between two or more countries whereby one country is in a subordinate position due to the reliance on advanced countries for its economic development. Dependence also has to do with the nature of the world capitalist economy and the historical experiences a developing country was subjected to during the emergence of capitalism. Economically weak nations' economies are dependent on the economically advanced nations to sell their resources and produce, and to purchase a variety of resources, technology and know-how to enhance their economic development. Hence, a developing country's economic development is conditioned by the economies of advanced nations. Also, whether development or underdevelopment occurs depends on the type of resources that can be exploited in developing countries, and the political regime in power. As Stone states: "The role that various states have played in the economic sphere has, however, been shaped by the ideological tendencies dominant in the political economy, by the nature of the political regime and by the character of the economies and their structures of ownership and production."\(^3\)


Dependence, which Dos Santos uses in his analysis of underdevelopment, stems from the three historical stages of dependent economic development: colonial dependence, financial-industrial dependence, and MNC dependence. Colonial dependence is the monopolization of the colonies' resources by the colonial powers. Financial-industrial dependence is the beginning of big capital domination, expansion, and investment in the production of raw materials and agriculture products for the center's consumption. Lastly, new dependence is MNC investment in domestic oriented market industries which leads to technological-industrial dependence. Cardoso's concept of dependence is a series of events occurring together between the internal and external structural components. Internal structural component refers to the domestic political factors that contribute to the alliance with foreign investors. External component refers to the trading relationship within the global capitalist market economy. Cardoso argues that the dependency relationship has to do with class association between domestic and foreign elites, and not just an uneven trade relationship. "Dependence should no longer be considered an external variable; its analysis should be based on the relations between the different social classes within the dependent nations themselves." Dos Santos' and Cardoso's conceptualizations of dependence complement each other. Dos Santos analyses the external relationship of dependence and Cardoso analyses the internal relationships that create the conditions for the external relationship. Hence, it is crucial not to separate internal forces (classes) from the external forces (economic trade) because the separation distorts the analysis of forces, both internal and external, that perpetuate dependent economic development.

4 T. Dos Santos, loc. cit., p. 232.

5 F. H. Cardoso and E. Faletto, Dependency and Development in Latin America (Berkeley, 1979), p. 15.

6 Ibid., p. 22, 28.
between the center and the periphery. Furthermore, in order for an export dependent capitalist economy to continue, the controllers of capital and finance at the center lease their capital to the periphery's elites to enhance capitalist development in the periphery.

Export dependent capitalist development is a type of development whereby the process of resource exploitation for export purposes is condition on the selling of primary products through the global market economy to the advance nations for capital accumulation to promote economic development. Therefore, a dependency relationship is sustained by foreign and domestic interests and an export dependent capitalist.

Objectives

The objective of this thesis is to use T. Dos Santos and F. H. Cardoso's models of analysis to show how an export dependent capitalist economy based on oil and sugar in Trinidad and Tobago was developed and perpetuated by Dr. Eric Williams. Williams' policy and his People's National Movement party (PNM) were key factors in the perpetuation of a dependency relationship by providing a favorable environment for foreign investment. The economic dependency that Williams maintained was crucial for the economy and the PNM's longevity in power. Also, Williams' manipulation of the ethnic polarization between Blacks and East Indians assisted the PNM in capturing political control. Ethnic polarization translated into ethnic voting was observed in the six general elections that the PNM won, which gave Williams the mandate to pursue an export dependent capitalist policy of industrialization by invitation. Thus, the PNM's control of the Trinidad and Tobago political system rested on several factors. These included maintaining a structured export dependent capitalist economy (dependency) under Williams' pro-capitalist policy, ethnic voting split between the Blacks and the East Indians, which Williams used to his advantage, the oil boom from 1973 to 1981 and the state controlled media. I will concentrate on the first three factors since
information about these is widely available. Although other development models were known to Trinidad and Tobago's political elites they were rejected as unsuitable. Hence T. Dos Santos and F. H. Cardoso's conceptual models have been used to analyse the external and internal processes of economic and political development.

**Historical Background**

Trinidad and Tobago's colonial dependency structure from 1783 to independence in 1962 produced an export-dependent capitalist economy. Trinidad was discovered by Spain in 1498 and was subjected to mercantilism a trading system based on maintaining a favorable balance of trade, that is, a country attempted to export more than it imported from the exploitation of its colonies' resources thus enhancing its wealth. Trinidad's dependency relationship was not fully developed until 1783 when Spain issued a Cedula to populate and exploit the island's agricultural potential. It is from 1783 that a Spanish colonial dependency started to take shape and Trinidad's cultural pluralism started to emerge. Trade was controlled for the benefit of the metropolis. Thus, monopoly trade or mercantilism set in motion export dependent colonies, which laid the foundations for capitalism as soon as monopoly trade was no longer beneficial. In this later phase, a laissez faire system of private commercial enterprises began, and the new enterprises were allowed to exploit the colonies' resources as long as there was some benefit to the Crown.

Spain's attempted development of Trinidad from 1498 onwards was poor due to a lack of supplies and immigrants from Spain. Also Trinidad was not a profitable island because it did not yield gold and silver. By 1783 Spain allowed French settlers from other islands to develop Trinidad by inviting them to bring their skills and slaves to

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cultivate a plantation system. Spain gave land to the French settlers based on the number of slaves and the size of families that they brought to Trinidad, also to any other immigrant of Catholic faith. Thus, the development of a capitalist oriented system of production began in 1783 and set in motion an export dependent capitalist colony, hence a colonial dependency phase. An export dependent capitalist economy is seen from a Marxist perspective as a system based on the private ownership of the means of production exploiting land and labor for trading purposes to accumulate capital. By 1797 Spain lost the island to Britain. Thus the island became a British colony, with its export dependent capitalist structure intact. The export dependent structure that evolved in Trinidad and Tobago started with some minor crops like cocoa, coffee, and sugar. Later oil, which was commercialized in Trinidad in 1907, replaced sugar as the dominant export sector. Eventually oil and sugar became the dominant export dependent capitalist sectors.

Before political independence was granted in 1962 a political party, the People's National Movement (PNM), which started in 1956 and was led by Dr. Eric Williams, historian and politician, emerged. Williams' plans for a politically independent Trinidad and Tobago came about as a result of his nationalistic desire for self-government, and in support of an export-dependent capitalist structure. Williams knew that altering the dependent capitalist structure would be political suicide for his party and for the nation's economic development. Williams argued that the political stability and economic potential of Trinidad and Tobago were the result of the foreign private sector in the oil industry. Therefore, foreign investment and MNC domination were

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8 Spain's inadequate defence (lack of manpower) could not rely on the French plantation owners and their slaves for support against the British. Thus the Spanish forces capitulated. See E. Williams, History of The People of Trinidad and Tobago (New York, 1964), p. 49.

9 E. Williams, History of The People of Trinidad and Tobago (New York, 1964), p.247.
crucial for the government in maintaining export-dependent capitalist development, and the longevity of the PNM. Tate and Lyle, a sugar MNC, and Amoco and Texaco, two oil MNCs, were the main multinationals that sustained a dependent capitalist export economy. Williams's plans for dependent capitalist development were reflected in three Five Year Plans (FYP). The three FYPs, 1956-1962, 1963-1968, and 1969-1974, were planned economic budgets, which included foreign loans. However, the FYPs were avoided as soon as the oil revenue boom began in 1973. The government used the oil revenue instead of the FYPs to attract more foreign investors through joint ventures, rather than establishing its own industries, and thus perpetuating the MNC dependency phase.

The nature of ethnic polarization between the Blacks and East Indians played a crucial role in Trinidad and Tobago's elections and its dependent economic development. The dependency relationship and the ethnic polarization connection came about for two reasons: Firstly, the East Indians were geographically separated by the British in the Southern central parts to work on the sugar plantations. Secondly, as a result of economic separation political rivalries occurred between the Blacks and the East Indians creating political parties to enhance each other's political control. Thus, the historical conflict between the emancipated Blacks and the indentured East Indians, who were brought to Trinidad to work as laborers to replace the emancipated Blacks on the sugar plantations, led to mistrust because of cultural differences. The mistrust brought about the formation of an East Indian political party, the People's Democratic Party (PDP), led by B. Maraj in the late 1950s to contest the 1956 election. However, the PDP was replaced by the Democratic Labor Party (DLP) led by R. Capildeo. The DLP represented the East Indians in the 1961 and 1966 elections, but before the 1971 election, the United Labor Front (ULF) replaced the DLP as the official opposition and the main East Indian party. The nature of changes from one East Indian political party to another stem from the conflict between the orthodox Hindus, who wanted the party
to represent only Hindus of all classes, while the middle class Hindus preferred the party to be made up of professionals, and other ethnic middle class groups. The middle class Hindus did not want the party to be portrayed as an East Indian working class party for fear of losing support from other middle class ethnic groups. The political conflict among the East Indians opened the way for the PNM to consolidate its control and to maintain the dependency relationship.

The six national elections, 1956, 1961, 1966, 1971, 1976, 1981 were crucial to the PNM, because each election victory consolidated the party's economic agenda, and maintained the dependency structure. The six election victories were made possible as a result of the ethnic polarization. Thus dependent capitalist development fueled by an export driven economy became the source of economic development and political survival for the PNM. However, the government tried to maintain some control of the economy by buying shares in Tate and Lyle and Texaco, and nationalizing the utilities. After 1973 the oil boom for Trinidad but a world oil crisis for other nations, lasted for eight years, and provided capital accumulation for the government to use to attract foreign investors through joint ventures schemes. Joint ventures gave the government the opportunity to use the oil wealth to further enhance dependent capitalist economic development.

The thesis is divided into four chapters. Chapter one looks at the theoretical framework of the various dependency models from the Latin American school to the Caribbean school and the critiques of the models. It is argued that some similarities exist between the Latin American and Caribbean dependentistas because of the way in which the progression of ideas from a capitalist economic framework to a Marxist approach operated in both regions. Also, the historical experiences that both regions encountered, for example colonialism, industrialization, and MNC domination, indicate that there are similarities between the regions' economic development. L. Best argues
that the Caribbean has remained a plantation oriented economy, which some Caribbean scholars adopt as their approach. However, the plantation oriented economic approach is too simplistic and does not account for the changes in the more developed Caribbean nations which have moved away from a pure plantation economic system to mineral or oil based economy.

The two models used in this thesis, those of T. Dos Santos and F. H. Cardoso, look at the development of political economy from a dependency perspective. Dos Santos analyses the stages of dependent economic development and believes that underdevelopment occurs as a result of dependency. These stages are crucial for analysis but Dos Santos focuses too much on the economic dependency aspects of development and underdevelopment. The second approach looks at how the political connection enhances economic dependency. Cardoso puts into perspective the nature of economic dependency by focussing on how peripheral political elites link with the center's elites to perpetuate dependent capitalist development which he terms associated dependency. He also believes that some economic development occurs due to the associated relationship. I believe that the political and economic dependency analysis, irrespective of ideological perspectives, when used together offers a valid approach for understanding the political economy of developing nations.

Chapter two is divided into two parts. The first part looks at the reasons that caused political changes to occur in a colonial dependency phase in Trinidad. Historically, a British colonial structure emerged after 1797 and further continued a colonial dependency relationship. The colonial relationship slowly changed due to demands by the locals and the economic depression that caused the British to implement constitutional changes to accommodate the locals' demand for self government. The various commissions that recommended constitutional changes instigated the rise of political parties vying for power to replace the colonial administration.

The second part looks at the PNM's rise to power under Dr. E. Williams'
leadership and his implementation of an industrialization by invitation policy and his five year plan, which was the beginning of Trinidad's financial-industrial dependency phase of economic development. Moreover, Williams' manipulation of the ethnic mistrust between the two ethnic groups during the elections maintained his power base. He also had to maintain an export dependent capitalist economic structure; thus economic dependency with Tate and Lyle and Texaco provided the capital to maintain the economy. Independence in 1962 did not produce any significant alterations in the government's approach towards economic dependency.

Chapter three looks at the continuation of the Five Year Plans as an attempt to maintain an open economy and the political maneuvering of the DLP to replace the PNM. The FYPs were implemented and budgeted to diversify the economy since not much foreign investment at the time assisted the economy. Within the FYPs' budgets foreign borrowing and aid were planned to augment government revenue. The government, through its FYPs, attempted to manage the dependent economy with little success because the two main economic sectors were controlled by MNCs. Thus, Williams attempted some form of control by buying shares in Tate and Lyle and purchasing the Trinidad section of Shell oil company to establish a Trinidadian oil company called Trintoc. These measures were desperate attempts by Williams to obtain some measure of control over the economy. Buying shares in the two main economic sectors and nationalization of the utilities were measures that the government adopted to raise revenue to provide employment for the masses. The government's attempt to control the economy only reinforced economic dependency because the main economic sectors could not be controlled and whatever the government attempted to do dependency on the sugar and the oil sectors remained a significant economic factor that was beyond the government's control. The two elections, 1966 and 1971, brought about victories for the PNM. Internal fighting and ethnic voting, and most significantly the boycott of Parliament by the DLP, made it easier for the PNM to win the 1966
election. The 1971 election again brought about the PNM victory but this time the main opposition failed to contest the election because of a failed attempt to form a coalition. Ethnicity was the factor that prevented the coalition from forming. These two elections helped the PNM to consolidate its power and control over the economy. The oil boom in 1973 provided the government with the revenue to seek further MNC penetration to further its plan for industrialization. It is argued, in chapter four, that an influx of MNCs became predominant as a result of the government's attempt to use the oil revenues to attract foreign interests.

The last chapter looks at the impact of MNC dependency on the whole economy and the PNM holding on to power during the 1976 and 1981 elections. The 1976 and the 1981 elections did not pose much of a challenge to the PNM. The ULF, which replaced the DLP, proposed policies that were too radical including a call for nationalization of all foreign companies, and class struggle slogans to form a united East Indian and Black working class instead of allowing racism to determine the outcome of the election. These policies played into the hands of the PNM which called the ULF communist inspired and discredited the ULF chances of winning. Also the fact that the economy was booming and Williams was using the petro dollars to create investment and employment guaranteed the PNM political success at the polls. The 1981 election, however, posed more of a threat for the PNM because of Williams' death. This election saw the oppositions forming a coalition party called the National Alliance, and the Organization for National Reconstruction formed by C. H. Phillips to replace the PNM. The PNM won the election because G. Chambers, considered a clone of Williams' ideas, maintained the dependency structure.

The whole economy was maintained by foreign MNCs especially in the oil sector. The sugar sector was still maintained by Tate and Lyle, in terms of the shipping and production, although the government bought out the subsidiary, Caroni. The two main economic sectors were not the only sectors that were dependent on foreign domination.
The four local companies, Neal & Massy, Mc Enearney Alstons Group, Geddes Grant Group, and Kirpalani's Group, benefitted from the dependency nature of the economy due to the oil revenues which provided the locals with disposable income. Also the foreign banks', especially the Canadian banks, actions are similar to the MNCs hence the term Multinational Banks or MNBs. The banks' main purpose is to provide the MNCs and local businesses with the means to repatriate their capital, and at the same time to make a profit. The MNBs are there to make a profit and most of their profits are from overseas branches. Lastly, foreign aid, which is aid dependence for most Caribbean nations, did not play as dominant a role in Trinidad's oil based economy.
Latin American Dependency Approach

The eclectic dependency school of thought consists of a set of polarized ideas divided into two distinct camps: non-Marxist and Marxist. During the 1960s in Latin America, dependency concepts evolved with no unified body of thought called dependency.\(^1\) R. H. Chilcote argues that the lack of conceptual clarity stems from the various dependentistas' interpretations of dependency.\(^2\) The lack of conceptual clarity makes it difficult for dependency to be classified as a single theory. Thus, as a result of the dependentistas' ideological approach, several models of dependency models have appeared.

R. C. Bath and D. D. James identify three distinct ideological models within the dependency school: conservative, moderate, and radical.\(^3\) These three models attempt to analyze development or lack of development within dependency. The moderate model is a liberal position which recognizes that capitalist development does not

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necessarily lead to underdevelopment. F. H. Cardoso takes the liberal position. The conservative view, that development is possible through modernization, presumes that a Western type of economic system can produce a system similar to the West. Lastly, the radical view adopts the Marxist approach and argues that underdevelopment occurs as a result of dependency.

However, the crucial question is 'what is development'? I. L. Horowitz, a sociologist, argues that development has to do with a take-off period.

"Once the take-off stage has passed the central issue becomes how to get people to work more efficiently . . . and with greater purpose. . . . Hence, development at this level is simply the reduction of human effort with an incremental gain in material output. It is clear by "developed" most people mean simply (and rightly) the degree and the extent to which human energy is displaced by machine technology."

Therefore the developing nations' attempt to achieve some form of development (industrial expansion) similar to that of the developed nations accepts the premise that development is achieved through industrialization. Developing nations accept industrialization as a means of development, because the Western nations' economic growth stems from their industrial base. For most developing nations, dependence on the West leads to economic development. Thus the possibility of dependent development is a serious debate for dependentistas. The dependent development debate created an ideological polarization among the dependentistas into two distinct camps, the non-Marxist and the Marxist.

Within the non-Marxist anti-imperialist camp five scholars have been particularly important: Raul Prebisch, Celso Furtado, Osvaldo Sunkel, Pablo Gonzalez Casanova and Manuel Correia de Andrade. Prebisch, Furtado and Sunkel argue that import

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substitution is an alternative path to development.\textsuperscript{5} Import substitution occurs when a developing country produces products that it would normally import from a developed country. Casanova argues that a national bourgeoisie is needed to alleviate the growth of internal colonialism that results from First and Third World conditions existing side by side within a developing country's boundaries.\textsuperscript{6} Casanova would like to see a larger business middle class emerging to create employment and growth for the rural underdeveloped areas, in order to avoid polarization between the 'haves' and the 'have nots'. Andrade takes a similar position. He states that development creates a dual economy in which one part of the country is rural-based while the other part of the country is urban based dominated by extracting primary resources from the undeveloped rural-based sector.\textsuperscript{7} Andrade would like to see more development in the undeveloped rural sector. He sees development as the infusion of infrastructure such as transportation, communication, and general economic activity coming from the influx of technology and capital.\textsuperscript{8}

The Marxist dependency camp includes Paul Baran and Paul Sweezy, Rui Mauro Marini, Andre Gunder Frank, Walter Rodney, and Theotonio Dos Santos. Baran and Sweezy take the position that monopoly capitalism creates underdevelopment. They adopt Lenin's analysis of competitive capitalism in which small firms expand into large firms creating monopoly capitalism, which leads to imperialist domination of markets.

\textsuperscript{5} Chilcote elaborated on Prebisch, Furtado, and Sunkel by classifying them as Anti-Imperialist because they believed in national autonomous development, and import substitution. See R. H. Chilcote., \textit{Theories of Comparative Politics: The Search for a Paradigm} (Colorado, 1981), pp. 300-332.

\textsuperscript{6} Ibid., p. 302.

\textsuperscript{7} Ibid., p. 303.

The U.S. is seen as the center of monopoly capitalism of large firms. Rui Mauro Marini argues that sub-imperialism exists in developing countries, like Brazil, which need to expand to create new markets for their industrial outputs to further advance their industrialization. Brazil's sub-imperialist role is therefore similar to that of an industrialized capitalist nation. Gunder Frank and Walter Rodney argue that capitalist development creates underdevelopment. Frank states that the national and regional metropolises extract the surplus from the dependent satellites leading to underdevelopment of the satellites. Frank also emphasizes that the metropolis-satellite structure was implanted during the colonial era and that this structure still exists and functions within a world capitalist development system. Rodney states the same point as Frank but in the context of Africa. Lastly, Theotonio Dos Santos believes that colonialism produces a historical conditioning process whereby a dependency structure becomes institutionalized making it difficult for a developing country to break away. Dos Santos' ideas are discussed on pages 49 to 56.

Fernando Henrique Cardoso, who does not fit into the polarized camps because of his unusual mixture of Lenin's analysis with arguments for dependent capitalist development, claims that dependent capitalist development is possible. For it to occur, development resources like technology, know-how and capital, must be shared with the developing nations. On the other hand, if economic development is used to further establish a dependent capitalist enclave, then natural resources must be protected


12 Ibid., p.7.

because of the tendency to over exploit them for export purposes to satisfy the developed nations' demand for cheap commodities and to pay for the technology and know-how of economic development, which deepens dependency and lessens the chances of shared resources. This type of economic development becomes conditional in that the developed nations will share their technology, know-how, and capital if there is a competitive advantage to be gained for the developed nations. However, if the developed nations don't want to share their know-how and technology equally then the developing nations' means of emulating the West's economic development within a global market economy is through dependency. Cardoso argues that imperialism as an explanation for the lack of dynamism in dependent economies is misleading. Cardoso believes that dependent capitalist development can produce conditions for development, which he calls the associated development approach, thus capitalist accumulation occurs when the local elites link up with international capital. However, Cardoso later recognizes that capital accumulation in the periphery produces unemployment, misery, and class struggle similar to that which occurs in the West. (See pages 48 to 56 for a detailed discussion of Cardoso). A P. Evans also argues (in the case of Brazil) that for development to occur there must be an alliance between foreign and local interest and the state's compliance.


the approach that dependent capitalist development is an alternative for developing countries in redressing their undeveloped condition.

No dependence, limited dependence (import substitution) and total dependence are some of the choices developing countries must deal with in order to plan for socioeconomic development. When economic development is dependent on the developed nations, the choice of severing a dependent capitalist link is possible only if there is a total restructuring of the society. Normally developing states choose the short term route to dependent capitalist development, that is dependence on the capitalist West. The link between the upper classes of the center and periphery maintains a capitalist model of development.

A. Stepan argues that in the Third World the state plays a major role in developmental planning, whether the state is Liberal-Pluralist, Organic-Statist, or Classical Marxist. The state determines the type of development according to the state’s ideological commitment to development. I. Wallerstein states: "The state apparatus has been the central mechanism of decision making because only the state commanded sufficient strength . . . to insist on specific allocations of the surplus such that a certain amount would be reserved for capital investment." Therefore, the state, with input from the local bourgeoisie, and the foreign bourgeoisie provide the means for development, be it capitalist or socialist.

The difference among the dependentista scholars lies not in their definition of dependency but in their analysis of the dependent relationship between the developed and the developing countries, and whether or not dependence produces development or lack of development. However, the crucial question the dependentistas are addressing


is whether or not developing nations should be dependent on the developed nations for their own development. Prebisch states that the 'center' does affect the world economy because of its magnitude, purchasing power and technological advancement, which has a great impact on the rate of growth of the periphery.20

The Marxist scholars believe that dependency on the West produces dependent capitalist development and underdevelopment within the developing nations. The non-Marxist anti-imperialist scholars believe that development can occur only through the development of a local bourgeoisie. That is, the emergence of a domestic bourgeoisie creates more domestic business, and economic dynamism will occur as a result of a process of capital accumulation instead of dependence on a foreign bourgeoisie. These two arguments see development in economic terms.

Dos Santos argues that the historical experience of capitalist development produces a dependency structure, and is crucial in the structuring of dependent capitalist economic development. Dos Santos states that the capitalist structure resulting from colonialism created the conditions for an export oriented economy highly dependent on the developed countries.21 Dos Santos' historical structural approach stems from his observation of the development of Latin American countries from colonial dependence to financial dependence to MNC dependence which he calls the new dependence.22 Generally, Dos Santos' analysis of dependence describes how the relationship produces advancement for the dominant countries as a result of the structural linkage that produces underdevelopment for the subordinate countries.

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For Dos Santos, the new dependence phase is an advanced phase of the historical conditioning process, with an added emphasis on industrial development for import-export purposes, instead of the traditional reliance on agriculture and raw materials. Four conditions are characteristic of the new dependence phase: an export industrial sector is developed to obtain foreign currency to maintain the industrial sector; the export industrial sector becomes conditioned to the balance of payments because of foreign financing; foreign aid is needed to help expand the industrial sector; and lastly, the developing nations' newly industrial sectors demand technological know-how from the developed nations, who have a monopoly over the supply of the technology. These four conditions limit domestic development. The limited domestic development is the result of three factors: (i) industrial technology is capital intensive not labor intensive, thus few people are employed; (ii) capital is exported to pay for technological hardware which leaves little or no capital for social planning; (iii) there is unequal development of one sector of the developing nation's economy, usually the urban industrial sector, which obtains the capital, technology and labor while the rural agricultural sector suffers because of lack of capital. Moreover, if any adequate development occurs the export market sector reaps the benefits over the other areas that need assistance. The developing country's development is conditioned to supply the developed countries' demand for cheap goods and in the process of supplying that demand the developing countries neglect their own domestic economies. Thus, the process of underdevelopment deepens.

Dos Santos' critical observation of structural dependency as perpetuating underdevelopment is based on the developed nations' hegemonic hold over the world market economy. Table 1-1 indicates that the extent of trade between the Less

23 Ibid., pp. 232-234.

24 Ibid., p. 235.
Developed Countries (LDCs) and the Developed Countries (DCs) is much greater by 63.2% than between the LDCs which is only 29.2%. (Centrally planned economies are excluded from the table, and some of the developing market economies include OPEC countries). There are two reasons for the LDCs economic dependence on the DCs markets and that is the need for foreign capital and the larger markets that exist in the DCs.

Table 1-1 Trade Flows Between Developed and Developing Countries* 1980

<table>
<thead>
<tr>
<th></th>
<th>DCs (percentage of world exports)</th>
<th>LDCs</th>
</tr>
</thead>
<tbody>
<tr>
<td>DCs</td>
<td>70.5</td>
<td>23.3</td>
</tr>
<tr>
<td>LDCs (non-OPEC)</td>
<td>63.2</td>
<td>9.2</td>
</tr>
<tr>
<td>OPEC</td>
<td>74.0</td>
<td>23.9</td>
</tr>
</tbody>
</table>

*Excluding centrally planned (socialist) economies.

The perpetuation of capitalist export driven economies within the international division of labor has become the means of development for most developing nations. J. Braveboy-Wagner states that the developing countries are more dependent on the developed countries for trading relations for their economic survival than the developed countries are on the developing countries for their economic survival.25

Hence the developing countries' economic development is conditioned by the West's economic development. Prebisch sees the unequal exchange between the developed and developing nations as a result of the differences in prices which affect the developing and developed nations' products creating a low demand for the

developing nations' products by the developed nations, and a high demand for the
developed nations' products by the developing nations.26

However, Dos Santos' analysis places too much emphasis on the structural
dependence relationship between the developed and the developing economies and the
problems associated with the relationship, instead of analyzing the class alliance
between the political elites and foreign interests which perpetuates the dependence
relationship. Cardoso and Faletto argue that the state acts in the interest of the dominant
classes and also acts as a conduit for foreign investment.27 Cardoso states that
dependent development or associate dependent development enhances capitalist
accumulation, which occurs when the local elites link up with the elites in control of the
international market economy.28 In Latin America the alliance between the state and
local and foreign businesses allows the MNCs to penetrate the economy.29 Moreover,
the political elites' acceptance of the dependent capitalist structure is a result of years of
a colonial capitalist structure based on the exploitation of cheap labor, and the export of
raw materials to the metropolis. Therefore, to understand structural dependency
(dependent capitalist development) an analysis of the alliance of the political elites' must
be undertaken. J. Walton states:

"Third World economic development is best understood as an outcome
of the political process and the functions of the state. In many senses
economic development is the issue shaping the political process and,

26 C. Kay, Latin American Theories of Development and Underdevelopment
27 F. H. Cardoso and E. Faletto, Dependency and Development in Latin America
(Berkeley, 1979), pp. 128-129.
28 F. Cardoso, "Capitalism and Nationalist and Reformist Tradition," in Theories of
29 Ibid., p. 199.
conversely, the state is so heavily involved in promoting development that economic change is embedded in a matrix of political influences."^30

The debate between the Latin American dependentistas has shown that there are alternatives to dependent capitalist development. Whether politicians adopt alternative approaches to dependent capitalist development depends on the politicians' particular ideologies. Similarly, some Commonwealth Caribbean dependentistas have added to the debate within the English-speaking Caribbean.

Commonwealth Caribbean Dependency Approach

The Commonwealth Caribbean scholars' analysis of development resulted from the debates concerning the industrialization by invitation model propounded by W. A. Lewis, an economist, in the 1950s. Lewis argued that industrialization by invitation is an appropriate development strategy for the Caribbean. Since the Caribbean region is undeveloped, development must come from abroad to provide employment and to establish a capitalist export industrial economy. Lewis' idea of the possibility of economic growth with foreign capital when there is a surplus of cheap labor available was expressed in an article on "Economic Development with Unlimited Supplies of Labor," in which he argued that an over abundance of labor attracts capitalist investors and that in the process the workers' subsistence wages rise, the economy experiences growth because the workers pay taxes, and the surplus of labor diminishes.^31 However, Lewis did not realize that once it is no longer profitable to exploit surplus labor because of a drop in demand for whatever product is being exploited, the foreign capitalist moves on leaving the country in question economically dependent with


stagnant growth, and high unemployment. Blomstrom and Hettne see parallels between Latin American dependency debates and the Caribbean debates about underdevelopment, because both the Caribbean and Latin American economies came about as a result of the activities of European capital, and have since become subsystems of the world market economy.\textsuperscript{32} Criticisms of Prebisch and Lewis' orthodox ideas fuelled the dependency debate in both Latin America and the Caribbean. However, I. Oxaal states that the development of the Caribbean dependency analysis came from L. Best and K. Levitt's paper on the "Outline of a Model of Pure Plantation Economy" along with Best's critique of Lewis' industrialization by invitation approach.\textsuperscript{33} The pure plantation economy is discussed on pages 28 to 31.

W. G. Demas, a Caribbean economist and former Head of the Economic Planning Division of the Government of Trinidad and Tobago, took the view that regional economic integration of enclave economies may help solve the problem of the over-populated Caribbean.\textsuperscript{34} Demas does not classify himself as a dependentista but he favors dependent development as an aid to regional integration because of the absence of a local bourgeoisie to sustain national and regional development, which is also similar to Lewis' idea of foreign penetration for developmental purposes. Furthermore, Demas argues that structural transformation is possible, meaning that a country is capable of adapting and applying innovations to achieve some degree of what he calls


\textsuperscript{34} W. G. Demas, \textit{The Economies of Development in Small Countries with Special Reference to the Caribbean} (Montreal, 1965).
self-sustenance.\textsuperscript{35} For Demas, self-sustenance can only be achieved if the gap between a dual economy (agricultural and industrial) is not too wide.\textsuperscript{36}

Demas believes self-sustenance is possible when a country with varied resources and a large population achieves GNP growth.\textsuperscript{37} However, self-sustaining growth does not fit the Commonwealth Caribbean region. Since self-sustaining growth is not possible in the Commonwealth Caribbean because of the lack of varied resources, dependent development becomes the alternative path. Self-sustaining growth is not possible if a country is dependent on a monocultural economy in a constantly changing world market economy, and a domestic consumer market of limited potential. Also Demas fails to realize that self-sustaining growth is not possible within a dependent capitalist economy. Can a country be self-sufficient if it is economically dependent on other nations for its food, capital and technological requirements? Demas, however, believes that dependent capitalist development can lead to economic growth for the nation.\textsuperscript{38} But Demas fails to realize that the bourgeoisie reaps the most benefits from this growth, while the poor and marginalized are excluded.

In 1962 the New World Group, a group of Caribbean economists, came to the forefront and attacked the ideas of Lewis. Oxaal’s sociological analysis of the birth of the New World Group states that if it were not for the political problems associated with independence, a Caribbean school of dependency economists would not have

\textsuperscript{35} Ibid., p. 6.

\textsuperscript{36} Ibid., p. 13.

\textsuperscript{37} Ibid., p. 38.

emerged. During the post independence phase of Caribbean history, debates among dependency theorists emerged concerning whether dependent development or self-reliant development was appropriate. D. C. Wong historically reviewed which Caribbean country took the self-reliant path and which country took the dependent capitalist path, and concluded that Trinidad and Tobago took the dependent capitalist path because of Dr. E. Williams' development approach. R. Bernal et al, like Chilcote, systematically categorized Caribbean political economic thought into four categories: i. the neoclassical synthesis with Keynesian thought; ii. Lewis' model (industrialization by invitation); iii. the plantation economy versus corporate economy debate; iv. political economy. Demas is within the first category because of his idea of self-sustenance with government intervention in the economy alongside dependent capitalist development. Lewis' position places him in the second category by definition.

The third category stems from the radical view of the 60s exemplified by L. Best and K. Levitt of the non-Marxist anti-imperialist school of thought. Bernal et al, however, criticized the radical view for being overly critical and descriptive rather than theoretical. For Bernal et al, Best and Levitt failed to use a class analysis and instead focused on nationalization as a techno-economic solution; thus they failed to consider the Commonwealth Caribbean as part of a global system because of their nationalistic fervor. The term "corporate economy" was used by Best and Levitt to analyze the Caribbean as a region dominated by international firms; however this analysis has failed


to accept the class alliances between center and periphery. "The tendency was not to see the Caribbean as a dependent capitalist formation dominated within the world system of imperialism, rather the Caribbean was seen as 'overseas economy' dominated by a series of international firms."\textsuperscript{42} In other words, they view the Caribbean economies as being exploited by a few multinationals but not as part of the global capitalist system.

The fourth category, political economy, started in the 70s and offers a Marxist interpretation.\textsuperscript{43} Bernal, Figueror and Witter were a few of the Marxists who argued that: "(a) the problems faced by Caribbean social formations are those inherent in a backward capitalist formation; and (b) it is class struggle which has (i) shaped societal change; and (ii) exposed the character of dependent capitalism and its historical formation."\textsuperscript{44} The Marxist Caribbean scholars, in opposition to the orthodox Caribbean approach, argue that local social formations are dependent, backward capitalist formations resulting from unequal exchange and the flight of foreign capital and profits.\textsuperscript{45}

Clearly, the Commonwealth and the Latin American dependency debates are quite similar in their critical approach toward development. The approach by Prebisch and Lewis and the political changes in an independent Caribbean fuelled debates about dependent capitalist development, and created different theoretical arguments offering alternatives to dependent capitalist development. Prebisch, and others like Furtado and Sunkel, argued that import substitution can enhance the Latin American economies as long as a dependent capitalist export economy is maintained. Similarly, Lewis, from

\textsuperscript{42} Ibid., p. 34.

\textsuperscript{43} Ibid., p. 35.

\textsuperscript{44} Ibid., p. 36.

\textsuperscript{45} Ibid., p. 37.
the Caribbean sphere, argued that a dependent capitalist export driven economy can be maintained if industrialization of the islands with foreign help is achieved. The opposing views of the dependent capitalist development model, especially in the Marxist camp, are similar for both the Caribbean and Latin America. However, Best, who criticized the dependency nature of the Caribbean and does not classify himself as a Marxist, argues that severing the metropolitan ties will create a dynamic internal economic structure. In conclusion, if it were not for the ideas of Prebisch and Lewis the dependency debates in Latin America and the Commonwealth Caribbean would not have been popular and alternative approaches of economic development analyses within the region would not have occurred at the time they did.

Criticism of a Distinct Caribbean Approach

A prominent Caribbean intellectual, Lloyd Best, is the author of the theory of the pure plantation economy in the Caribbean which has influenced the major stream of thought on the nature of the Caribbean dependency. Best looks at the historical nature of the process of the metropolitan nations dividing up the hinterland into spheres of influence and into a division of labor between the metropolis and the hinterland. For Best the hinterland's economic history is broken down into conquest, settlement, and exploitation.46

'Hinterland of conquest' is when a colony is being shaped by the metropolis thus organizing and administering the hinterland's infrastructure for self-interest. Thus in order for the metropolis to establish a colony the resources from both the metropolis and the colony are used to build the hinterland's infra and superstructure. 'Hinterland

of settlement' is when the metropolis develops and controls the political and economic sphere through colonial institutions and takes a general interest in the colony's domestic development. Lastly, 'hinterland of exploitation' phase tends to occur after the 'hinterland of conquest' phase and the hinterland's economy is used solely for export purposes, and capital and labor (slave labor) are introduced to enhance the exploitation process.47

The hinterland of exploitation analysis is used by Best to develop his theory of a plantation economy. In a plantation economy the unit of production is a plantation system or a self-contained institution, as Best sometimes calls it, sustained by joint-stock companies, which provide the capital, machinery, tools, and slaves.48 Best argues that the hinterlands of exploitation find it difficult to adopt new means of production because the entrenched plantation system forces the economies to be totally dependent on the traditional export staple.49 For Best the domestic economy of the hinterland is an enclave of the metropolis which provides the capital and technology, to extract the hinterland's products.50

However, Best argues that after the mercantile era three types of plantation economies emerged: mature, new and mixed. Mature plantation economy occurs when the plantation system is no longer economically viable, the land is used for domestic agriculture, and labor becomes expensive; thus new methods of production are introduced. New plantation economy occurs when new capital is brought in to create new techniques of production for the plantation sector. In the process of creating new means of production, land is taken over, displacing peasant labor and a highly

48 Ibid., p. 286.
49 Ibid.
50 Ibid., p. 302.
specialized economy develops as machinery and mechanized equipment are brought into the sugar plantations. Lastly, a mixed plantation economy is seen as the end of the plantation monopoly era, when the plantation sectors are broken up and labor is shifted into the cities creating an urban working class.\textsuperscript{51} An urban class emerges demanding more of the government instead of the traditional rural class dependent on the plantation structure.\textsuperscript{52}

For Best the Caribbean economy was established from a hinterland of exploitation, and a plantation system emerged from such hinterlands. Best further emphasizes, in an article co-authored with K. Levitt, that the distinct nature of Caribbean economic development hampers local autonomous development.\textsuperscript{53} Best and Levitt argue that "the economy remains, as it has always been, passively responsive to metropolitan demand and metropolitan investment."\textsuperscript{54} Furthermore, they state that the traditional economic and social structures of dependency are the result of the old plantation relationship.\textsuperscript{55} In other words, new forms of dependency are no different from those of the plantation economy.\textsuperscript{56}

The way to break the dependency hold of the metropolis is to sever the dependency ties with the metropolis, to create a dynamic internal economic structure. "A severance of the metropolitan ties is a precondition of structural transformation. A genuine programme of import-displacement and output and market diversification cannot

\textsuperscript{51} Ibid., pp. 296-298.
\textsuperscript{52} Ibid., p. 289.
\textsuperscript{54} Ibid.
\textsuperscript{55} Ibid., p. 38.
\textsuperscript{56} Ibid., p. 39.
proceed until the preferential props are withdrawn."\textsuperscript{57} For Best and Levitt Caribbean backwardness stems from the dependence on foreign enterprises; thus what is needed is indigenous enterprises.\textsuperscript{58} J. F. E. Ohiorhenuan states that Best sees the problem of backwardness as resulting from direct metropolitan investment, and argues that what is needed is a different and better form of collaboration between the Caribbean and the capitalist world.\textsuperscript{59}

Other Caribbean intellectuals like G. L. Beckford, N. Girvan, and S. W. Mintz adhere to Best's model of plantation economy.\textsuperscript{60} Beckford argues that the source of Caribbean wealth stems from rural development, and that rural development stems from the plantation sector, the mineral sector, and the food sector.\textsuperscript{61} Therefore, the plantation economic structure, although modified, is the basis of metropolis exploitation.

"Contemporary Caribbean economy is essentially a modification of slave plantation economy. It is more diversified, as a result of peasant activity. But, by and large, the bulk of the resources of the economy are owned and controlled by foreign-owned producing units which maintain the character of total economic institutions directly tied to metropolitan economy through the component subsidiaries and parent company of the multinational complex. These present-day resources based enterprises created dependency relationships between the Caribbean and the metropole not far different from the slave plantation case."\textsuperscript{62}

\textsuperscript{57} Ibid., p. 47.
\textsuperscript{58} Ibid., p. 52.
\textsuperscript{60} S. W. Mintz is not from the Caribbean; however, he adheres to the plantation theory model, and has written on the Caribbean.
\textsuperscript{62} Ibid., p. 83.
Furthermore, Beckford argues that plantation agriculture originated from the metropolitan countries-induced political colonalization, which produced in the tropics colonies of exploitation. For Beckford a plantation economy is part of a wider economic system with a financial and industrial center remote from the plantations; although direct metropolitan political control is absent, there exists property ownership and indirect political connections that control resource allocation and production. Beckford recognizes that the agricultural sector is not dominated by a single plantation unit; however, dynamic development is based on plantation production.

Mintz argues that the spread of overseas capitalism in the Caribbean was through the plantation system, and that the objective was to produce commodities for the European markets. For Mintz the development of plantations in the Caribbean led to the integration of the colonies with the metropolis, and the integration process was not simply economic but social and political. First, the colonies were divided up into specific imperial cultural forms, which meant that each colony was structured to reflect the colonizer's political culture. Second, through slavery the colonial powers introduced different cultures into the colonies. Third, the resources and ecological differences among the islands affected the type of economic growth through time. Fourth, there were different economies for different colonies, and finally, the plantation system was based on a system of slave labor production.

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64 Ibid., p. 119.

65 Ibid., p. 120.


67 Ibid., p. 304.

68 Ibid., p. 305.
Another point of analysis is that Trinidad and Tobago is considered (now) to be a mineral export economy. N. Girvan argues that even in a mineral export economy like Trinidad and Tobago exploitation and underdevelopment occurs as a result of the metropolitan control of the mineral industry. Girvan's study of underdevelopment in mineral export economies observes that hinterland countries like Trinidad and Tobago are "takers of economic organization, capital, technology and tastes."\(^6^9\) However, Girvan believes that Trinidad and Tobago's agricultural export sector, which provides the majority of employment, can be appropriately called a mixed plantation-mineral export economy.\(^7^0\)

G. K. Lewis, a Caribbean scholar, tends to take the view, reflected in an article on the contemporary Caribbean, that the Caribbean milieu is a modified plantation economy.\(^7^1\) Therefore, the approach that the Commonwealth Caribbean is a plantation economy (somehow modified) is a unique Caribbean approach with a distinct Commonwealth Caribbean analysis originated by Best, which is supported by some Commonwealth Caribbean scholars. However, M. Morrissey, C.Y. Thomas, J.F.E. Ohiorhenuan, and T. Sudama have found problems with Best's plantation economy approach.

M. Morrissey argues that the plantation society analysis does not account for group conflicts and changes resulting from contact with Western capitalism.\(^7^2\) In other words, there is no dynamic of change over the years to the plantation society.

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\(^{70}\) Ibid.


Morrissey also argues that the plantation society analysis does not take into account other forms of production which had nothing to do with the plantation economy.\footnote{Ibid., p. 11.}

C.Y. Thomas argues that Best was not specific in the types of plantation economies he was identifying, and there was no clear definition of a plantation economy.\footnote{C. Y. Thomas, "A Model of Pure Plantation Economy: Comment," \textit{Social and Economic Studies}, Vol. 17, No. 3 (September, 1986), p. 340.}

Furthermore, Thomas argues that the adjustment in the plantation economy (the changes from a mature plantation economy to a new plantation economy) had little to do with the rising cost of labor but with Britain's industrialization and changes within the metropolitan economy.\footnote{Ibid., p.343.}

J.F.E. Ohiorhenuan states that Best's analysis neglects the social processes of change.\footnote{J. F. E. Ohiorhenuan, \textit{loc. cit.}, p. 398.}

T. Sudama criticizes Best's model on the basis that there is no definition of a plantation economy, no emphasis on a dominant relationship of production within the colony, and no indication whether there was a total dependency on the metropolis.\footnote{T. Sudama, "The Model of the Plantation Economy," \textit{Latin American Perspectives}, Vol.6, No. 1 (Winter, 1979), p. 69.}

Sudama argues that there was no single crop but a variety of other export crops (coffee, and cocoa)\footnote{Ibid., p. 70.} and that exports went to the U.S. as well. Moreover, Sudama argues that there were structural changes in the agricultural sector, which dropped from 17\% to 8.3\%, while the manufacturing sector rose from 13.9\% to 17\% of GDP during the 1951 to 1968 period.\footnote{Ibid., p. 72} Thus the plantation sector was not the sole export sector. Finally, Sudama argues that there is no analysis of internal
processes of change through the strength of social forces or continuity. Thus no class analysis was used to account for change or continuity. The local elites in Trinidad and Tobago favored an imperialist relationship because of the benefits the dependency relationship provided. Likewise, the relationship between the international bourgeoisie and the local bourgeoisie which was a crucial factor in maintaining dependency was not explored. Therefore, the plantation economy model, which will not be used as a model of analysis in this thesis, failed to recognize the relationship between the internal processes and the external developments, but simply observed the external dimension of underdevelopment and did not acknowledge internal dynamics as a crucial element in the perpetuation of underdevelopment.

Some Criticisms of Dependency Theory

Various critiques attack dependence and dependency concepts for their lack of clarity. A. J. Caporaso argues that a clear distinction must be made between dependence and dependency. Caporaso states that dependence means "an external reliance on actors," while dependency is the process of incorporation of less developed countries (LDCs) into the global capitalist system and structural distortions. Dependence has to do with country A relying on country B for its economic well being and the unequal nature of the dependent relationship.

80 Ibid., p. 75.
81 Ibid., p. 78.
82 Ibid., p. 79.
84 Ibid., p. 1.
"The fact that economic dependence is essentially a manifestation of unequal power relations between countries is clearly seen when we consider that economic circumstances in another... country are the most important factor conditioning the economic welfare of the subordinate country. Economically independent countries can prosper on their own momentum; economically dependent countries can do so only if circumstances in the dominant countries are favorable."85

On the other hand, dependency has to do with developing countries being locked into the world capitalist economy because of the historical experiences of those countries with capitalist development including compliance with the global capitalist structure in order to compete.86

Dependency as a concept looks at how the historical structuring of the integration of developing nations into a world market system came about. For example, colonialism produced a dependency relationship as the colonizers imposed political and economic structures on their colonies. Colonies, by virtue of their historical experiences, were incorporated into an exploitive system based on the extraction and production of raw materials through the productive forces of slave labor imposed by the colonist's metropolis. Thus colonies were in a dependency relationship and were totally subjected politically and economically to the control of the colonialists.

The problem with Caporaso's criticism of dependence and dependency concepts is that the two concepts are not mutually exclusive. Dependency explores the historical experiences of former colonies' exploitation, whereby politically and economically a colony was totally under the jurisdiction of another country, increasing the possibility of the dependency situation emerging into a dependent condition. The former colonies may be independent politically, but economically the dependent capitalist export structure remained intact; thus a dependent economy emerged out of a dependency


structure. The dependency structure inevitably produces economic dependence, unless the political elites decide to choose alternative forms of development. In other words, dependency and dependence complement each other, thus enhancing the understanding of the subordination dominance relationship between developed and developing countries through the political elites' alliance to the capitalist method of development.

However, there are developing countries that are dependent on developed countries with no prior dependency relationship. For example, Cuba is in a dependent relationship with the Soviet Union but has never been in a colonial dependency relationship with the Soviet Union. Moreover, this dependent relationship is based on a Socialist model. Cuba has restructured its economic base along a Socialist path and has been using its dependent relationship with the Soviet Union to its advantage. However, Cuba was in a dependency relationship with the US, and formerly Spain, but chose to break the dependency relationship with the US through revolution. But recent political changes, perestroika and glasnost, in the Soviet Union under President M. Gorbachev may prove to be very disruptive to the Soviet and Cuban relationship due to the fact that the Soviets want hard currency for its oil to trade on the world market economy. The Soviets state that they are committed to fulfilling its contracts with Cuba but in practice the Soviet bloc nations are demanding hard currency from Cuba. Therefore, future relationship between the Soviets and Cuba could shift form a dependent subsidized one to a dependency relationship based on market forces.

However, in Trinidad and Tobago the political will was to maintain the dependency link as a means of economic development. C. Anglade and C. Fortin point out that

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there are three functions that the state adopts in maintaining capital accumulation. However, the first two functions are crucial in determining how the state supports the accumulation of capital. The two functions are: First, maintaining a minimum amount of labor demands through regulations and welfare schemes; thus enhancing "some degree of protection of labor against the behavior of individual capitalist is functional to the maintenance of exploitation."90 In other words, a satisfied and protected labor force will function in an appropriate manner to both the state's objectives in providing a stable market economy for capitalists; and second, the state allows competing sectors to share capital accumulation through various policies such as monetary policy, taxation, income distribution, credit, price regulation, subsidization and foreign investment.91 If the state is not involved in the support of capitalist development through the two stages outlined, then a reduction in free-enterprise economic development can occur.

Other critics like Chilcote, Cueva and O'Brien analyze the dependency school of thought from different perspectives. Chilcote first referred to the dependency concept as a theory, when the dependency school of thought was starting to be taken seriously in the academic circles.92 However, Chilcote later questioned whether dependency is a theory or a model by referring to dependency as a model among models.93 Chilcote defines a model as a "simplified representation of the real world, a mental construction;"94 and he defines theory as "a coherent body of generalizations and

90 C. Anglade and C. Fortin, ed. The State and Capital Accumulation in Latin America Vol. 1: Brazil, Chile and Mexico (Great Britain, 1985), p. 22.

91 Ibid.


94 Ibid., p. 55.
principles associated with practice of inquiry." He believes that model is a more fitting term because of the eclectic nature of the dependentistas' ideological approaches to development. Lastly, Chilcote refers to dependency as a concept with no unified body of thought called dependency theory, because of a lack of a single unified interpretation between the radical and orthodox writers. Chilcote defines a concept as an idea or thought expressed in different ways. Thus dependentistas of various ideological orientations use the dependency concept differently to analyze the nature of development. However, Chilcote points out that the main weakness with dependency theory is the failure to relate the theory to class analysis. D. L. Johnson argues that there tends to be an over concentration within dependency on economics, international political economy and on imperialism, but what is needed is a sociological emphasis on the effects of dependency. Cueva argues that there is no single theory of dependency but a set of central ideas which can be historically interpreted as center/periphery, metropolis/satellite, and classical capitalism/dependent capitalism.

Cueva's point is correct and is similar to that of R. C. Bath and D. D. James, and to Chilcote's argument about the ideological interpretations of the various dependentistas'

95 Ibid.
97 Ibid., p. 17.
arguments. O'Brien, on the other hand, states that dependency should be judged in reference to its framework of analysis of the dynamics of the dependency relationship.

"The theory of dependency therefore represents a framework of reference within which various heterogeneous phenomena are analyzed to see how they link and interact with each other to form a total system. The theory must therefore be judged with reference to its adequacy or inadequacy as a framework for the articulation of the dynamics of certain relationships."\textsuperscript{101}

O'Brien is stating that while there may not be one overall theoretical framework of dependency, this should not lessen the impact of the dependency scholars' analysis of the developing countries' political and economic structure vis-a-vis the developed countries.

Some scholars criticize 'dependency' analysis because of the over simplification of the dependentistas' arguments concerning the unequal terms of trade as a cause of underdevelopment. Ray argues that there are three fallacies in the dependentistas' theories: (i) Dependentistas state that dependency is caused by capitalism, but Ray points out that Eastern bloc nations are in similar dependency situations to those of Western bloc nations; (ii) According to dependentistas, private foreign investment is exploitative, while Ray argues that different types of investment benefit some economic sectors, for example investment in domestic industry, rather than extractive enterprises; (iii) Dependentistas say dependency can be broken by leaving the world market system; and Ray replies that no nation can trade outside the system.\textsuperscript{102} Ray exposes the basic problem of dependency, that is the wide use of dependency theory for all analysis.


Ray's point is valid because dependency analysis, which began in Latin America, is specifically related to the Latin American region. The Latin American region because of the historical experiences of colonial dependency, financial dependency, and industrial dependency has not been able to achieve continuous economic development as have some Asian countries. For example, the total export trade in millions of U.S. dollars for South and South-East Asia in 1986 was 194,232 million U.S. dollars, and the total trade for the Americas in 1986 was 90,232 million U.S. dollars.103 Thus the dependentistas' arguments that underdevelopment or backwardness results from dependency lack a broad analysis and cannot be applied to all developing nations outside Latin America.

Lall argues that dominance and dependence is a world-wide phenomenon which takes place between advanced capitalist nations, and also between Less Developed Countries (LDCs) and advanced capitalist nations, and does not necessarily produce stagnation or backwardness because of the advantages (GNP and GDP) the dependency relationship produces for the LDCs.104 Also Lall believes that uneven development is not the cause of dependence.105 For Lall it is the lack of capital penetration.106 Jaksic argues that foreign capital investment penetrates specific fields in developing countries where super-exploitation and profit earnings are guaranteed; hence the developing countries are seen as ideal for the conditions of capitalist reproduction.107 Bluestone states that even in the U.S. uneven development occurs


105 Ibid., p. 807.

106 Ibid., pp. 804-805.

because certain sectors of the U.S. depend on private capital for development more so than others, thus creating a dual economy. Therefore, specific sectors of developing and developed countries receive some economic growth, and it is not clear whether the dependency relationship, be it foreign capital or investors, produces underdevelopment in some developing nations or not.

Brewster, a Caribbean economist, argues that there is a difference between an economic dependency situation and a dependent one. Brewster believes that dependency refers to a situation in which a country is totally reliant on external finance, technology, and know-how from advanced nations in order to survive; on the other hand, a dependent country relies on its exports to survive. In other words, advanced nations are in a dependent phase because those nations export and import commodities as a natural trading action. Developing nations are in a dependency phase because of the constant need for expertise, capital, and technology from the advanced countries to conduct their trade. In other words, only advanced nations are in a dependent relationship because of the need to trade goods and services to maintain their economies, while only developing nations can be in a dependency phase because of the lack of technology, know-how, and capital. However, Brewster fails to account for the process by which a country becomes dependent or falls into a dependency phase.

Weisskopf argues that there are two types of dependency, market dependency and economic power dependency. Market dependency takes place when a country

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110 Ibid., p. 91.

111 T. E. Weisskopf, "Dependence as an Explanation of Underdevelopment:
participates in the world capitalist economy in such a way that its economy is strongly affected by daily events in the metropolitan capitalist economies. Economic power dependency occurs when a nation's economy is significantly conditioned by the decision making process of particular individuals, firms, and agencies from a capitalist metropolis. Weisskopf's argument is similar to Ray's third point, because Ray states that no nation can trade outside the world market system; thus there is some similarity with Weisskopf's argument on market dependency, that all nations that participate in the world capitalist economy are affected by the metropolis' market needs. Weisskopf's point is also similar to Brewster's argument because both assume that dependent development takes place through the world market economy. The fact that developing nations' economies are conditioned through various cultural and historical experiences to the world market economy hampers development for the lower classes, and the lower classes benefit less from an export driven capitalist economy. Dependency for Brewster, Ray's acceptance that nations must trade within the world market system to survive, and economic power dependency for Weisskopf, are the result of developing nations being conditioned to the world market economy for investment, technology, markets, capital, and know-how.

However, Weisskopf argues that capitalism is the cause of the skewed development, not the market dependency relationship. "It is more appropriate to view dependence as aggravating conditions of underdevelopment that are inevitable under capitalism than to view dependence as a major cause of underdevelopment."

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112 Ibid., p. 3.
113 Ibid., p. 4.
114 Ibid., p. 13.
115 Ibid., p. 21.
Thus Weisskopf is correct in observing that economic dependence occurs on a world-wide basis, and that economic dependence is not related to only a particular set of undeveloped countries. Immanuel Wallerstein states that the world-wide economy which depends on supply/demand, capital/labor, economy/polity for its endless accumulation of capital creates unequal exchange; hence core and periphery states come into existence.\textsuperscript{116} Moreover, Wallerstein points out that historical capitalism (endless accumulation of capital as an economic law) produces the commodification of things\textsuperscript{117} for the purpose of accumulation of capital, and the geographical expansion of historical capitalism over space and time has created the core/periphery relationship.\textsuperscript{118} The core became dominant through the concentration of capital, which came about as a result of the periphery purchasing goods from the core; thus the core over a period of time developed a surplus of capital, and would like to maintain the core/periphery relationship.\textsuperscript{119} Therefore, historical capitalism produced a world market economy resulting in the unequal exchange of commodities and a dependence relationship between core and periphery.

Also, the world-wide economy creates unequal exchange between the developed and developing nations as a result of the type of commodity the actors are exchanging. For example, raw materials from the developing countries are cheaper in terms of the


\textsuperscript{117} The commodification of things is the process of converting (exploiting) raw materials or objects into products for consumers in order to increase the accumulation of capital.


\textsuperscript{119} Ibid., p. 32.
price for industrial products from the developed countries; hence the developing
countries have to pay more for the developed country's products than the developed
country has to pay for the developing country's raw materials. Prebisch was one of the
first to identify the deterioration of the terms of trade\textsuperscript{120} in Argentina during the Great
Depression when Argentina was forced to sell 73 percent more of its goods in order to
obtain the same quantity of manufactured imports as it had purchased in 1933.\textsuperscript{121}
These declining terms of trade affect all developing countries. Prebisch thought he had
the answer to the declining terms of trade by arguing for import-substitution
industrialization. However, import-substitution only maintains a new phase of
dependency, which Dos Santos calls dependency on industrial and technological
imports.

The dependency school of thought with its various analyses should be viewed as
ecclectic models for analyzing the world market economy and the types of development
or lack of development that emerge from the dependency relationships. Thus no one
dependency model can account for all the nuances that arise as a result of the effects of
a world capitalist economy on each developing country.

\textsuperscript{120} R. Prebisch also was the first to identify the center-periphery relationship between
the U.S., which is the 'cyclical center'; and Latin America, the 'periphery
of the economic system.' For Prebisch the trade cycle was set by the
U.S. economy for the whole international system. See Joseph L. Love,

\textsuperscript{121} J. L. Love, "Raul Prebisch and the Origins of the Doctrine of Unequal Exchange,"
op. cit., p. 50.
Similarities Between Latin America and the Commonwealth Caribbean

The Latin American and Commonwealth Caribbean paths of economic development are somewhat similar. The intellectual similarities in the analysis of economic development were discussed and pointed out in section two, showing that Latin American and Caribbean dependentistas make similar arguments concerning whether dependency produces development or underdevelopment. The similarities stem from the historical experiences that both regions have encountered, although the experiences may not be entirely similar. N.Girvan states that the historical/institutional/structural approach to Latin America can be applied to the Caribbean, because of the similarities in economical historical development relationship linking internal institutions with external ones.122

"The similarities ... of the Latin American 'historical-structuralists' are immediately evident. They lie in the use of economic history, and in the emphasis on the role of internal institutions and external relationships in conditioning economic structures and the functioning of the economic process. Thus, economists from both regions had found that the historical/institutional/structural approach was a powerful method of analysis. . . . Further, when we consider the actual content of these analyses, it becomes evident that there is considerable overlapping in the historical, institutional and structural experiences of the two regions."123

The historical/structural/ institutional approach was first introduced by Celso Furtado to analyze the economic history of Brazil's development and underdevelopment path.124

The historical aspect is used to analyze development from the colonial period and the


123 Ibid.

124 Ibid., p. 12.
institutions and structures that emerged from colonialism. Furtado states that "the structural assumptions which serve as a social framework for economic analysis are drawn from historical evidence making up the historical economies."¹²⁵

Both Latin America and Caribbean regions experienced colonialism, which produced a class system, ethnic polarization, and an export driven capitalist economy based on the extraction of raw materials (minerals such as gold and silver for Latin America, sugar for Cuba and Brazil, and bauxite and sugar in the English Caribbean ), which were primarily exported to the metropolis, creating a center/periphery relationship within a world capitalist economy, and establishing export driven economies in both regions. Gold and silver were mined from the Latin American colonies to enrich Spain's royalty and merchant classes; haciendas were developed by royal decree to work the land with resident Indian labor to produce food and goods for the mines and towns. After the depletion of the mines, agricultural products were made for export purposes, and the haciendas also played a role.¹²⁶ As world income grew Latin American goods reaped the benefits; however, no substantial development occurred because the upper classes were importing goods from abroad; thus by the end of the 19th century Latin American and the Caribbean economies were export-oriented economies.¹²⁷ Furthermore, each region has developed a new dependency phase characterized by further capitalist exploitation. Since the industrialization of the more advanced Latin American and Caribbean economies the foreign revenue needed to pay for imported parts and technology for their respective industries is raised by exporting raw materials. Thus, both regional economies are aligned with local and foreign

¹²⁵ Ibid., p. 13.


¹²⁷ Ibid., pp. 5-6.
entrepreneurs to export raw materials, with the state (sometimes military regimes) playing a significant role in maintaining the link with the world capitalist economy. Although the political independence (post colonialism) that emerged in both regions brought about a new dependency relationship, dependent capitalist development remained the dominant mode of capitalist reproduction.

Thus, the Latin American and the Commonwealth Caribbean regions tend to follow a similar dependent development path, historically conditioned by a capitalist mode of production which came about as a result of colonization. The colonies were used as an export processing zone that acquired a transplanted political economic system that allowed for exploitation of the region's resources. Whatever development (infrastructure and superstructure) occurred was in the interests of the colonialists because the metropolis' concerns came first. Thus the colonies' agricultural or mineral economies have become economically dependent on the metropolis' development after the end of the colonial era. Hence the metropolis is seen as the source of trade, know-how, technology and capital for economic development. Prebisch states:

"Multilateral trade is the result not so much of adherence to a principle as of the trade policy of the most important countries. In this respect, the most significant behavior, is that of the principal dynamic center of the world; that is to say, the center which because of its magnitude and technological progress has a greater influence on the rate of growth (as well as on the short-run fluctuations) of the other centers and of the periphery of world economy."128

It follows that the dependent capitalist structure curtails any form of economic self-sufficiency because nations that accept a dependent capitalist structure must work

within a global capitalist economy. It will be argued that maintaining political power is a direct function of dependency linked to a capitalist world system. Other questions to be examined are: why is the dependent capitalist structure seen as a necessary path towards development? Can the state's political elites ensure political and economic stability within dependent capitalist development? How did the government maintain the dependent capitalist structure? This thesis will use the dependency models of T. Dos Santos and F. H. Cardoso to understand Trinidad and Tobago's dependence/dependency development, because they link the international and the domestic causes of development.

Two Models—Dos Santos and F. H. Cardoso

The ideological debates of dependence/dependency models, concerning whether development or lack of development occurs, bring together a variety of models; thus one has to be eclectic in selecting specific models for analysis. There is no single model but a variety of them used simultaneously to better understand the nuances of development and underdevelopment that occur as a result of the dependence relationship.

Dos Santos' analysis of dependence is seen in the context of a conditioning situation. Dos Santos argues that:

"A conditioning situation determines the limits and possibilities of action and behavior of men. Faced by it, they may either choose among the various alternatives internal to that situation or they may seek to change the conditioning situation itself. The first choice is never completely free

for a concrete situation includes further factors placing added limits on action and choice."\textsuperscript{130}

However, the majority of Commonwealth Caribbean political elites avoided changing their conditioned structures for fear of political and economic instability, except Jamaica under Michael Manley's rule from 1972-80 when the country experimented with nationalist-type Socialism, and also Grenada under the New Jewel Movement led by M. Bishop.\textsuperscript{131}

Maintaining political and economic stability through export dependent capitalist development becomes the objective of political elites. The local elites, politicians, and the middle classes that emerged during the political independence phase accept export dependent capitalist development and the global capitalist system for economic development. Therefore, class linkages between the local and foreign bourgeoisies, with the state collaborating to reproduce capital for the owners of the means of production, prevent the ending of decades of export dependent capitalist development by simply opting out of the global capitalist system. Dos Santos observes that dependence must not be seen solely in the context of an external factor: "it is the elements within a nation which determine the effect of international situations upon the national reality."\textsuperscript{132} However, Dos Santos tends to emphasize 'external' domination

\textsuperscript{130} Ibid., p. 78.

\textsuperscript{131} Nationalist-type Socialism is a planned economy based on the dictates of nationalism, whereby the government protects the economy on principles of national ownership not foreign ownership. However, the government is willing to maintain some forms of free enterprise. The New Jewel Movement was formed on March 1973 by two organizations which were championing the cause of the plight of Grenadians under the Prime Minister E. Gairy's dictatorial leadership. The NJM had as their agenda to create a new society whereby free health care, free education, lost-cost housing, full employment, people courts, agro-industries, replacing the Westminster model of democracy, non-aligned foreign policy, and support for national liberation movements. See C. Searle, Grenada The Struggle Against Destabilization (London, 1983), p. 18. The US was against the NJM's links with Cuba and the NJM's plans to experiment with Socialism and invaded the island on October, 1983.

\textsuperscript{132} Ibid., p. 72.
(imperialism) over 'internal' factors (domestic elite alliance) which is a generalization that tends to blame factors of underdevelopment or backwardness on the developed nations when in fact the MNC's alliance with developing nations' state elites are the ones that create conditions of exploitation. Furthermore, imperialism tends to be maintained when there is a compliance between the domestic and the foreign political elites for domination of one nation over another. Domination is practicable only when it finds support among those local groups which profit by it.\textsuperscript{133} C. Kay states that Dos Santos seems to argue that political forces determine dependence, although Dos Santos has not explicitly said so.\textsuperscript{134} It seems that Dos Santos recognizes internal factors but does not want to place too much importance on them.

Dos Santos believes that development and underdevelopment are conditioned by the global system.\textsuperscript{135} The conditioning process causes underdevelopment and exploitation thus creating unequal development of the parts within the global system.\textsuperscript{136} Thus "dependence, is based upon an international division of labor which allows industrial development to take place in some countries while restricting it in others, whose growth is conditioned by and subjected to the power centers of the world."\textsuperscript{137} Dos Santos was more concerned with the global system, and the dependence of the developing nations on the global system for their development. However, Dos Santos' analysis lacks elaboration of the internal political dynamics which link the developing economies with the developed economies. The three dependence conditions (colonialism, financial-

\begin{itemize}
  \item\textsuperscript{133} Ibid., p. 78.
  \item\textsuperscript{134} C. Kay, \textit{Theories of Development and Underdevelopment} (London, 1989), p.150.
  \item\textsuperscript{136} Ibid., p. 15.
  \item\textsuperscript{137} T. Dos Santos, \textit{op. cit.} (1973), p. 77.
\end{itemize}

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industrial, and MNCs) are clear, but what needs to be answered is why linkage with the global capitalist system is chosen by political elites within developing nations.

Cardoso focuses on the class association with foreign capital, and the dependence relationship that emerges from the class association. The analysis made by Cardoso, a Brazilian sociologist and politician, is similar to Dos Santos' three stages of dependence. Cardoso argues that nations' dependent economies were integrated into the international market by the process of exchange of raw materials for manufactured goods which formed the basis of the imperialist colonial relationships.\textsuperscript{138} Cheap indigenous labor and raw materials provided the resources which aided the industrial expansion of the metropolis.\textsuperscript{139} Financial-industrial dependence, Cardoso argues, is imperialism in the form of direct capital investment, loans to the dependent state and to local entrepreneurs.\textsuperscript{140} Cardoso, however, used Lenin's analysis of imperialism to argue that imperialist expansion created the conditions for unequal development and exploitation, thus forcing the developing countries to depend on external financing and the exporting of raw materials. However, Cardoso believes that dependent capitalist development occurs when state and local private capital, and international monopoly investment merge.\textsuperscript{141} For Cardoso new forms of economic dependency emerged when there was a shift from traditional sectors of dependent economies such as raw materials, oil, and agriculture to industrial sectors where the bulk of assets are controlled by imperialist investment.\textsuperscript{142} Joint-ventures with local state capital and private national


\textsuperscript{139} Ibid.

\textsuperscript{140} Ibid.

\textsuperscript{141} Ibid., p. 89.

\textsuperscript{142} F. H. Cardoso, "Dependency and Development in Latin America," in \textit{Introduction to the Sociology of Developing Societies} ed., by H. Alavi
capital, and monopoly international investment under foreign control become the norm, and there is a kind of dependent capitalist development integrated in new forms of monopolistic expansion.\textsuperscript{143} The link with international investment capital creates economic dependency.\textsuperscript{144} On the political level, Cardoso argues that a fragmentation of interest occurs as a result of the new forms of dependency whereby certain groups benefit, such as the national bourgeoisie which acts as a junior partner with foreign interests, and the middle and the working classes which are employed by the international sector.\textsuperscript{145} In other words, the effects of dependency permeate the whole society. Kay states that Cardoso argues that the link between the internal and external forces produces associated-dependent development which is an alliance between the industrial bourgeoisie, the middle sectors, the industrial proletariat and the state.\textsuperscript{146} However, Cardoso does recognize that dependent development creates social problems such as poverty, repression and marginalization.\textsuperscript{147} J. A. Kahl states that Cardoso favors socialism only in the abstract, because he believes that in Brazil there is not much chance to create socialism.\textsuperscript{148}

Cardoso's and Dos Santos' analyses are similar although the terminology is different; however, Cardoso believes that dependency can produce economic

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\textsuperscript{143} Ibid.

\textsuperscript{144} Ibid., p. 120.

\textsuperscript{145} Ibid., p. 124.


development while Dos Santos believes that dependency produces underdevelopment. For example, the Dos Santos colonial dependency is no different from imperialist colonial dependence; financial-industrial dependence is also not different from the imperialist connection; dependent capitalist development is similar to new dependence. However, Cardoso does contrast with Dos Santos. For Cardoso, economic development benefits those sectors that are associated with international capital: agrarian, commercial, financial, and industrial, including the working class employed in foreign companies.\textsuperscript{149} Internal class relationships contribute much to dependent development, without which the external forces would have a difficult time penetrating the economies of the developing nations.\textsuperscript{150} For Cardoso, there is growth within dependent development and the factors that are responsible for development are class relations and politics.\textsuperscript{151}

Cardoso argues that the historical development of entrepreneurial classes in Latin America, which led to the growth of modernization, is a result of foreign expansion into Latin America creating local markets and establishing entrepreneurial and merchant classes. Thus it becomes clear that Cardoso believes that internal class formation is a determining factor for development hence dependent development became a significant factor for the entrepreneurial and merchant classes seeking to maintain a market economy for their interests. However, Cardoso tends to view social classes in terms of market and trade relations rather than relations of production, and the conflicts that are associated with relations of production.\textsuperscript{152} R. Munck argues that Cardoso does not develop a theory of dependent development, but discusses the historical processes

\textsuperscript{149} F. H. Cardoso, loc. cit., (July-August, 1972), p. 93.
\textsuperscript{150} F. H. Cardoso and E. Faletto, op. cit., (Berkeley, 1979), p. 22.
\textsuperscript{151} Ibid., p. 150.
\textsuperscript{152} Ibid., p. 47.
involved, and he emphasizes the role of the middle classes but not of the working classes.\textsuperscript{153} Munck's criticism is valid; however, Cardoso did not set out to establish a dependency theory but wanted to contribute to the debate on whether or not economic development can occur in a dependent situation. Cardoso states that "the word [dependence] doesn't explain anything at all, it only opens a way of getting at knowledge about the concrete facts."\textsuperscript{154} Also it is correct that Cardoso tends to focus on the middle classes instead of the lower classes, because he wanted to demonstrate that the forces of bourgeois collusion tend to create conditions of dependent development. However, Cardoso does recognize that dependent associate development creates social problems.

Cardoso's analysis of the internal dynamics of the class association with foreign capital gives a deeper understanding of the dependence relationship. For Cardoso class is determined by two factors: the production system, which is internationalized, and the forms of internal domination, which are linked with the state and external domination.\textsuperscript{155} The continuation of the dependence structure has to do with class associations between elites in the developing and developed nations.

Dos Santos analyses the economic relationship that emerged as a result of the three stages of dependence. He maps out the historical nature of the emergence of economic dependence between nations, and recognizes to a lesser degree that class linkage contributes to the dependency process. Cardoso believes that dependent class association with international capital benefits those sectors of the society that are

\begin{itemize}
\item \textsuperscript{155} F. H. Cardoso, "Associated-Dependent Development and Democratic Theory," in \textit{Democratizing Brazil: Problems of Transition and Consolidation} ed. by A. Stepan (New York, 1989), P. 300.
\end{itemize}
associated with foreign capital and development. Cardoso looks at the internal
dynamics of developing nations and determines that politics and class relations are more
crucial than external forces. Consequently, Dos Santos' and Cardoso's models
complement each other; the external and internal factors of dependence indicate that
economic development is a function of the integration of external and internal forces.
As E. Gidengil states, "external dynamics do not replace internal dynamics, however,
but interact to create the structure of dependency."\textsuperscript{156}

\textsuperscript{156} E. Gidengil, "Diversity Within Unity: On Analyzing Regional Dependency,"  
CHAPTER II

THE FORMATION OF PARTY POLITICS AND THE RISE OF THE PNM's
POLITICAL AND ECONOMIC CONTROL FROM 1956-1962

Introduction

The 1956-1962 period in Trinidad and Tobago shifted the nation's political-economic structure from that of colonial dependency to financial-industrial dependence. Financial-industrial dependence involves foreign capital from the centers expanding its investment to promote dependent export trade in agricultural and mineral sectors for capital accumulation. The change from individual plantation owners to foreign monopoly capital came about in 1937 when Tate and Lyle (a British sugar MNC) bought out smaller sugar plantation estates, and with the establishment of oil industries after WW1. The change from colonial dependency to financial-industrial dependency, however, did not alter the economic structure which was based on a dependent export economy.

Before the transfer of power in 1956, and the coming of independence in 1962, Britain controlled and exploited her colony from the late 18th century. However, political control was slowly transferred to the colony because of the depression in the 1930s which caused high unemployment and an increase in union activities demanding job security, better wages and political changes. The sugar industrial sector was also affected by the depression.\(^1\) The rising union activity created a climate for more

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2 Ibid., pp. 51-52.
political representation; thus various commissions investigated the possibility of political representation, and resulted in constitutional amendments. Constitutional changes are discussed on pages 73 to 78.

External forces, particularly the depressed world economy, and the colonial administration gave rise to the People's National Movement (PNM) in 1956 and to other political parties. However, the other political parties that flourished during the 1930s and 1950s did not alter the colonial policy concerning the state of the economy. Thus, the gradual shift from a dependent plantation dominated economy to a dependent oil economy increased the financial-dependent phase of Trinidad and Tobago's economic development because of an increase in foreign investment to exploit the emerging oil sector.

In Trinidad and Tobago financial-dependence on sugar began in 1848, when the British government advanced money to the British sugar plantations to import East Indian labor and reduced the import duty on her colonies, to revive sugar production.

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3 Seven political parties were in existence before Dr. E. Williams' PNM party became the dominant in 1956. The seven parties that existed prior to the PNM are: Trinidad Labor Party, the first political party formed in 1933, led by A. A Cipriani; British Empire Workers Peasant, and Citizens Home Rule Party formed in early 1940 and led by R. Butler; Caribbean Socialist Party formed in 1940s and led by Y. Bryan; West Indian National Party formed in the late 1940s; Independence Labor Party formed in 1953, led by H. Smith; Peoples Democratic Party formed in early 1950s to capture the East Indian votes; and Political Progress Group formed in late 1940s led by A. Gomes. See C. M. Henery, "Trinidad and Tobago" in R. J. Alexander ed., Political Parties of the Americas: Canada, Latin America, and the West Indies Vol 2 (WestPort, Connecticut, 1982), pp. 656-667.
after the 1846 crisis. In 1910, after a successful oil exploration in Trinidad, financial assistance was obtained from Britain and British companies started investing in oil. Sugar and oil were the key external financial dependent sectors that were exploited by British companies. However, after independence (1962) the PNM government led by Dr. Eric Williams allowed the foreign exploitation of the oil sector to continue to enhance capital accumulation, because two years prior to independence the government received 51% revenue from the oil companies. This was a significant amount of foreign revenue. Thus, the interaction between the PNM and the foreign firms solidified the dependency and boosted economic development.

This chapter focuses first on the colonization phase of Trinidad's political economy from 1797, in which it was structured as an export dependent capitalist economy. The dependency structure was significant in shaping the nation's future because the new Black administration in 1956 believed that the existing structure provided the needed stimulus for dependent economic growth. Dr. E. Williams, the PNM leader, believed that it was time that Trinidad and Tobago reaped the benefits that Britain had so successfully gained when Trinidad was a colony. In a lecture at the University of Essex, Williams delineated the historical structuring of the West Indian economy by Britain to suit her needs and argued that a shift in economic decision

4 The crisis refers to the Sugar Duties Act imposed on British colonial sugar, along with a financial crisis Britain was experiencing during the 1847-48 period. The duty resulted in a number of British firms failing because of their investment in the West Indian sugar plantations. See B. Brereton, A History of Modern Trinidad 1783-1962 (London, 1981), p. 82. E. Williams confirms that the Sugar Duties Act was debated by British plantation owners in the West Indies around 1813, who were afraid of imposed duties weakening their monopoly on sugar, especially other colonies wanting to sell their sugar at a cheaper price to Britain to break the monopoly hold of the West Indian sugar estates. See E. Williams, Documents on British West Indian History 1807-33 (Port of Spain, Trinidad), pp. 322-325.


6 Ibid., p. 216.
making was needed under a five year plan for Trinidad and Tobago's development.\(^7\) For Williams, five year planning was a political process which provided discipline, rationality and above all fewer ideological debates.\(^8\) Also, five year planning can be seen as an attempt to rationalize the need for foreign investment and the extent to which the government has to open up the economy for further financial-industrial dependence.

Williams believed in diversification through the industrialization by invitation policy that Lewis advocated, which was adopted from the Puerto Rico model of development based on tax concessions and subsidies given to foreign investment.\(^9\) Williams believed in the Puerto Rican model of economic development with the state's five year plans, domestic and foreign private investment, and foreign aid contributing to the development plan.\(^10\) The industrialization by invitation scheme is similar to financial-industrial dependency because of the nature of acquiring economic growth based on tax concessions, and government incentives to assist foreign investors. Thus the alliance between the state and MNCs was accepted by the PNM as the way to achieve economic development.

The beginning of Williams' political career saw the continuation of the same capitalist export dependent structure controlled mainly by foreign ownership, with a Westminster type of government, which made it easier for Williams to manage and control the State according to his agenda. Williams' objective was to maintain

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10 Ibid., pp. 78-85.
economic growth, which was possible through a dependent capitalist export economy.

The transference of political power from Britain to a Black middle class and the reliance on foreign investment (MNCs) and foreign aid to provide capital for further industrialization of primary and secondary industries further enhanced a dependent capitalist export structure. Financial-industrial dependent capitalist development became the means of support for an export dependent capitalist driven economy, with the government's compliance.

The Birth of Party Politics

i The British Political Economic Structure 1797-1897: Colonial Dependency

When the British took control of Trinidad from Spain in 1797, they inherited and sustained a political and economic structure based on the plantation economy. Trinidad had been a Spanish colony since its discovery in 1498 by Christopher Columbus. Under Spanish rule Trinidad was underpopulated and undeveloped, and had to rely on French settlers to increase the population and to develop the plantation economy. In 1783 a Cedula, a decree, was issued by Spain allowing French settlers to develop the island. The French landowners' interests coincided with the objectives of the Spanish authorities. Spain wanted to develop and populate the island, but lacked the population and capital. Thus the French with their plantation skills and slaves from other islands were allowed to populate and develop the sugar and other cash crop industries.¹¹

The French settlers brought their slaves with them to Trinidad and were given land

in proportion to their wealth and the number of slaves they owned. Brereton argues that Trinidad became a plantation export oriented economy based on white French settlers, with their slaves, producing cocoa, cotton and sugar.\footnote{12}{B. Brereton, op. cit., pp. 15-16, 22.} Sugar cane development began in 1782 and sugar eventually became the main cash crop for the French landowners, and for the Spanish authorities. However, cotton, coffee and cocoa also played a role in the agricultural development of the island.\footnote{13}{Ibid., p. 18.}

The development of sugar as the dominant cash crop enhanced the trading activities at Port of Spain, the capital of Trinidad, which increased dramatically between 1780s and 1790s.\footnote{14}{Ibid.} Although the French landowners and the Spanish authorities controlled the production of cash crops it was the British who controlled the colony's trade.\footnote{15}{Ibid., pp. 16-18.} The British won the right to use their ships and were exempted from duties. "In 1796 seventy-four foreign ships called at Port of Spain the great majority British-clearing over 3 million pounds of sugar and half a million pounds of cotton. By contrast only thirteen Spanish ships arrived to load cocoa..."\footnote{16}{Ibid., p. 18.}

Although Trinidad was under Spanish rule, with a French plantation owning class, the colony's export trade was controlled by British shipping. It was British shipping strength that monopolized the trading activities in the West Indies.\footnote{17}{E. Williams, Capitalism and Slavery (London, 1964), p. 58.} Spain ceased to be an ally of Britain and signed a peace treaty with France in 1795. Eventually, pressured by France, Spain declared war on Britain. Thus in 1797 Britain took over the island to secure her trading routes and markets.
Williams argues that a triangular trade was established to exploit the colonies; however, the triangular trade was in progress before Trinidad was ceded to Britain, and the Caribbean islands became part of an exploitive process: "In this triangular trade England-France and Colonial America equally supplied the exports and the ships; Africa the human merchandise; the plantations the colonial raw materials."\(^{18}\) Britain with her shipping strength had benefited from her monopoly: "The West Indian trade was worth to Bristol twice as much as all her other overseas commerce combined. As late as 1833 five-eighths of its trade was with the West Indies, and it was said in 1833 that without the West Indies trade Bristol would be a fishing port."\(^ {19}\) Britain's monopolized trade exploitation of her colonies developed Britain's metropolis to the detriment of her colonies in the sense that Britain's economy prospered. However, British exploitation was not only from its shipping strength but also from its plantocracy inheritance. Britain's plantocracy inheritance began when Britain took control of Trinidad in 1796, but investment in the plantation sector by British merchants began in 1802.\(^ {20}\) Brereton states that the British landowners consolidated their hold on the estates because of the easy access to capital from their metropolitan connections.\(^ {21}\) Thus, Britain maintained the plantocracy system because of the benefits it offered.\(^ {22}\) Britain continued Spanish policies by allowing European immigrants and their slaves to settle in Trinidad.\(^ {23}\) Generally, Trinidad was a source of wealth for Britain until sugar

\(^{18}\) Ibid., p.51.

\(^{19}\) Ibid., p.58.

\(^{20}\) B. Brereton, op. cit., p. 46.


\(^{23}\) Ibid., p. 52.
prices dropped (1846) and a shortage of labor became a problem after emancipation. The overall production of sugar in Trinidad from five four-year production indicators in percentages under British rule show the growth rate of sugar production: from 1775-79, 1.8%; 1805-09, 10.90%; 1815-19, 8.70%; 1820-24, 9.54%; and 1825-29, 6.17%.\textsuperscript{24} Brereton states that sugar exports had doubled in 1802-9, and in 1809 the total acreage of cultivated sugar had risen to 68.7 percent.\textsuperscript{25}

Full emancipation (granted by the British) in 1838 freed the slaves from the plantocracy system, creating a shortage of cheap labor. The shortage of cheap Black labor produced a decline in sugar production, and an increase in the price of labor. The emancipated slaves refused to work on the plantations under the conditions set out by the British Government, thus a new set of immigrants had to be imported to compete with the freed slaves to reduce the cost of labor.\textsuperscript{26} Between 1838 and 1917 a total of 238,000 East Indians were introduced into Trinidad.\textsuperscript{27} Thus Britain solved her problem by importing indentured laborers from India beginning in 1845, and from China in 1853. The Indian indentured laborers were responsible for the cultivation and production of sugar. The East Indians had to work on assigned plantation estates for five years, and after the indentureship they were allowed to return to India or stay in the colony. The indenture system ended in 1917. However, "By the 1850s Indian labour was the backbone of the sugar industry, and gradually Creoles\textsuperscript{28} withdrew, until by the


\textsuperscript{25} B. Brereton, op. cit., p. 47.

\textsuperscript{26} E. Williams, History of People of Trinidad and Tobago (New York, 1964), p. 95.

\textsuperscript{27} Ibid., p. 100.

\textsuperscript{28} The term Creole is used to classify Blacks and Whites born in Trinidad as opposed to the Blacks brought to the island as slaves, and to the Whites born outside the island.
end of the century even the skilled factory jobs, hitherto monopolized by Creoles, were increasingly held by Indians.\textsuperscript{29} Thus the cheaper East Indian labor provided the sugar plantation owners with the labor to produce sugar, while the emancipated slaves became shopkeepers, petty traders, hucksters and small freeholders.\textsuperscript{30} Brereton states that the Blacks tried to reduce their dependence on the plantation system by becoming peasants, artisans and others slowly drifted into the towns to find work.\textsuperscript{31} The class structure at this period also included race and was based on a hierarchy starting with: the British colonial administration, British and French Creole plantation owners, Coloreds, Blacks, and East Indians.\textsuperscript{32}

With British rule came economic control of sugar production. In 1866, a British firm called the Colonial Company was the first conglomerate to take over two independent companies. Also large investments were put into the sugar industry: a central factory, called the Usine St. Madelein, was built at a cost of over 180,000 pounds to cut production costs, and by 1897 about 2.5 million pounds had been invested in the sugar industry.\textsuperscript{33} The amount of investment was not enough to save the industry. Black et al argue that there was a decline in sugar production during British rule in Trinidad because the price of sugar from Cuba, Brazil, and Indonesia was too competitive. Cheap European beet sugar also further reduced the price of sugar.\textsuperscript{34}

\textsuperscript{29} B. Brereton, \emph{op. cit.}, p. 86.

\textsuperscript{30} E. Williams, \emph{op. cit.}, p. 92.


\textsuperscript{32} B. Brereton gave a detailed account in her book on the race and class situation in Trinidad. See B. Brereton, \textit{Race Relations in Colonial Trinidad 1870-1900} (London, 1970)

\textsuperscript{33} B. Brereton, \emph{op. cit.} (London, 1981), p. 84.

\textsuperscript{34} J. K. Black et al., \emph{op. cit.}, p. 63.
Williams states that the decline of the British West Indian sugar industry in 1897 is related to: the technological advantage of Cuban sugar production, absentee capital, and the dependence on sugar and its by products, which accounted for 53% of the total export trade, for economic growth.\textsuperscript{35} Williams points out the dependence on sugar for export purposes without any diversification in Trinidad demonstrates that the British were concerned with reaping as much benefit from the sugar industry as they could, without much thought for the well being of Trinidad's domestic economy. Hence Trinidad was totally dependent on sugar for export income under British rule.

Trinidad was in a colonial dependence phase with a predominant export cash crop (sugar) economy, until 1962 when self government was granted, and the government decided to pursue an export dependent capitalist economy. Self government was not an easy process. A lengthy process of constitutional change had to be endured before Trinidad could gain political independence. During the late nineteenth century there was a gradual political restructuring of the legislative council to accommodate local elites, that is, property owners, doctors, and lawyers. Likewise, there was a growing demand by the Black and Colored middle classes for equal representation on the legislative council.

The Blacks and Colored middle class status came about through the use of education as a means of social mobility. "Education was the key to all ... occupations, the crucial factor in the gradual emergence of a colored and black middle class".\textsuperscript{36} The British had established free government primary schools paid for by a local education rate levied on the landowners, dedicated to teaching working-class children industrial skills for manual labor.\textsuperscript{37} Little did the British and the landowners know that the


\textsuperscript{36} B. Brereton, \textit{op. cit.} (London, 1979), p. 64.

\textsuperscript{37} Ibid., pp. 77-78.
Blacks and Colored would use their education to implement change. A Black and Colored middle class grew out of the British educational system. Similarly, Canadian missionaries headed by the Reverend J. Morton built schools and educated the rural East Indians, leading to the emergence of an East Indian middle class. In 1898 a middle class pressure group, the East Indian National Association (EINA), was formed to protest against the indentured system. In 1909 a radical group, the East Indian National Congress (EINC), which was mainly middle class, developed a sense of Indian nationalism derived from Indians fighting British colonial rule in India. Thus the rise of Black, Colored and East Indian middle classes demanding political representation created the climate for change.

The Changing Political Structure in Trinidad

Direct British political control was exercised through the Governor General, answerable to the Colonial Office, and through a legislative council made up of men of property and means. The political structure was organized into three branches: Governor General, an executive council and a legislative council established in 1831. The legislative council consisted of the governor, six officials, six local residents nominated by the governor to represent the whole taxpaying community. The latter were planter merchants whose interests represented the sugar companies' interests. By 1870, there were five sugar planters, one doctor with sugar and cocoa properties, and


40 Ibid.

two barristers, one of them legal counsel to the Colonial Company, on the legislative
council.\textsuperscript{42} Furthermore, Brereton argues that the planter merchant community exercised
considerable influence over policy making, especially economic policies.\textsuperscript{43}

The legislative council interests, however, clashed with the interests of the Black
and Colored masses who wanted reforms to the political structure. Reform meant
elected members on the legislative council, not appointed members. During the middle
to the end of the nineteenth century reform was a constant demand, by both the planters
and merchants, and by the Black and Colored middle classes. Although their interests
varied, they all sought more political representation.\textsuperscript{44} Opposition to the Crown
Colony's political rule helped to change the political structure in Trinidad from one of
token representation to one of elected representation. But it took the Water Riots of
1903 to create an atmosphere of active politics whereby the lower classes seized upon
an issue to fight for change.\textsuperscript{45} Brereton argues that it was the Rate Payer's
Association, founded in 1901, that precipitated the water riots, because the Rate
Payer's Association wanted to cut off the water supply to lower class areas because of
alleged water abuse that seemed to be taking place at the time.\textsuperscript{46} Other organizations
came forth like the Trinidad Workingmen Association (TWA) founded in 1897,
demanding, among other things, an elected assembly.\textsuperscript{47} The TWA was the first
workers' organization in the British West Indies, modelled upon two British workers'

\textsuperscript{42} Ibid., p. 139.
\textsuperscript{43} Ibid.
\textsuperscript{44} Ibid., p. 142.
\textsuperscript{45} Ibid., p. 146.
\textsuperscript{46} Ibid., p. 154.
\textsuperscript{47} Ibid., p. 148.
organizations, the English Workingmens' Association and the Leeds Workingmen's Parliamentary Reform Association. The former was basically a union seeking better wages and workers' rights, while the latter's position wanted to apply political pressure to demand major change. B. Samaroo believes that these two models influenced the creation of the TWA. However, the TWA seemed to function as an issue oriented association because after 1898 the lack of issues made the association's representatives less effective against the colonial government at the time. By 1906, the TWA became active after the Legislative Council decided to nominate administrators to administer Port of Spain instead of electing them; thus the TWA seized upon the issue and decided to rally the people around the nominating policy. In 1919, the TWA was reactivated to assist strikes that were taking place which increased the membership to six thousand, and A. Cipriani became the leader.

By 1934 the TWA changed into the Trinidad Labor Party to fight for the workers' rights which Cipriani found to be very difficult to accomplish as the TWA was not recognized as a union by the governor and was not allowed to picket. Britain, wanting to maintain a stable environment for her investments, had to eventually allow some reform to take place. M. Ayearst states that British policy in the nineteenth century was


49 Ibid.

50 Ibid., p. 207.

51 Ibid.

52 S. Ryan, Race and Nationalism in Trinidad and Tobago (Toronto, 1972), p. 37.

53 There is a discrepancy with this date because B. Samaroo states that 1932 was the year when the TWA changed to a political party (TLP). See B. Samaroo, loc. cit., p. 205.
"the maintenance of conditions of internal security so as to give economic enterprise a permanent right of way. . .; secondly, the avoidance of expenditure which might lead to demands on the British taxpayer."54 Gradually, Britain changed its policies because of the depressed Trinidad economy and organized riots.

Further political changes were intensified during WWI by a weakened economy, inflation, blatant racial overtones, and political unrest.55 The TWA organization became the representative voice of the people which led to strikes and general unrest. A significant demand, besides elected representatives, during the early stages of the TWA was an end to East Indian indentureship which depressed general local wages.56 The indenture system was a form of cheap labor to replace the emancipated Blacks whose labor had become too expensive. However, cheap East Indian labor made it difficult for the Blacks to compete. Therefore, a polarization along ethnic lines emerged which saw the TWA representing the Blacks' interest forcing the East Indians to form their own representative organization.

The general unrest in Trinidad and the demand for reform influenced the British to hold an inquiry called the Wood Commission from 1921-22. Wood recommended that there should be a mixed legislative council with seven elected members, six nominated unofficial members, and twelve officials, with the governor having the deciding vote to declare the majority.57 Voters had to be able to understand spoken English, and there was a minimum age qualification for men, twenty-one years, and a thirty year minimum age qualification for women. Only men of property or high income earners were


56 J. K. Black et al, *op. cit.* p. 65

allowed to run for office. Wood's recommendations resulted in the first national elections in 1925 after 128 years of colonialism, but only 6% of the population qualified to vote.\textsuperscript{58} Although Wood's recommendations seem enlightened, they were used to keep British interests and the Colonial Office satisfied. Brereton states: "Wood hints that no action should be taken which would disturb the confidence of foreign capitalists, who had invested in the oil and asphalt industries, in the stability of the local government."\textsuperscript{59}

Oil exploration started in 1904 by the British. The commercialization of oil started in 1907 and in 1909 the Trinidad Oilfields Limited was established to exploit the reserves.\textsuperscript{60} In 1910 the British decided to switch from coal to oil to fuel the Royal Navy,\textsuperscript{61} and oil became an important commercial commodity for both Britain and Trinidad. Therefore, oil became profitable for Britain at the time, increasing the colony's revenue and accounting for 70% of the total exports in 1938, and 80% in 1965.\textsuperscript{62} Table 2-1 shows how much revenue Britain received to administer her colony (since Trinidad and Tobago was still a colony) from the oil companies during the years 1928 to 1955. Also, the table indicates how much the oil companies made after taxes and royalties.

\begin{table}[h]
\centering
\begin{tabular}{|c|c|c|}
\hline
Year & Revenue from Oil & Profit after Taxes and Royalties \\
\hline
1928 & $100,000 & $50,000 \\
1938 & $500,000 & $250,000 \\
1965 & $1,000,000 & $500,000 \\
\hline
\end{tabular}
\caption{Revenue and Profit from Oil}
\end{table}

\textsuperscript{58} Ibid.
\textsuperscript{59} Ibid.
\textsuperscript{60} J. K. Black et al, \textit{op. cit.}, p. 63.
\textsuperscript{62} J. K. Black et al, \textit{op. cit.}, p. 63.
Table 2-1 The Revenue of Trinidad and Tobago The Contribution of the Oil industry for Selected Years (million WI Dollars) $1.00 us = $2.00 WI

<table>
<thead>
<tr>
<th>Year (A)*</th>
<th>Total</th>
<th>Gov't Revenue the Oil Sector</th>
<th>Contribution of (B)* Income tax/Royalty</th>
<th>B as a% of A</th>
</tr>
</thead>
<tbody>
<tr>
<td>1928</td>
<td>8.8</td>
<td>1.4</td>
<td>(1.0/1.0)</td>
<td>15.9</td>
</tr>
<tr>
<td>1930</td>
<td>9.0</td>
<td>1.5</td>
<td>(1.1/1.1)</td>
<td>16.7</td>
</tr>
<tr>
<td>1934</td>
<td>8.3</td>
<td>1.7</td>
<td>(3.0/2.0)</td>
<td>20.5</td>
</tr>
<tr>
<td>1938</td>
<td>16.0</td>
<td>4.0</td>
<td>(1.0/1.0)</td>
<td>25.0</td>
</tr>
<tr>
<td>1940</td>
<td>16.9</td>
<td>4.2</td>
<td>(1.1/1.1)</td>
<td>25.0</td>
</tr>
<tr>
<td>1945</td>
<td>34.9</td>
<td>5.7</td>
<td>(3.0/2.0)</td>
<td>16.3</td>
</tr>
<tr>
<td>1950</td>
<td>56.1</td>
<td>16.8</td>
<td>(8.7/5.9)</td>
<td>30.1</td>
</tr>
<tr>
<td>1953</td>
<td>74.5</td>
<td>25.6</td>
<td>(15.1/7.0)</td>
<td>34.4</td>
</tr>
<tr>
<td>1955</td>
<td>90.0</td>
<td>30.7</td>
<td>(18.8/8.7)</td>
<td>34.1</td>
</tr>
</tbody>
</table>


The 1930s saw more strikes because little emphasis was placed on workers' rights amidst the deteriorating economic conditions. High inflation of 17%, and low wages were common whereby it was estimated that the workers were paid 70 to 80 cents per hour for a ninety hour work week.63 In 1933, there was a demonstration by the urban unemployed in Port of Spain. In 1934, the sugar workers staged mass demonstrations. In 1935, Apex Oil fields workers went on strike. These yearly strikes culminated in the 1937 strikes and riots, which led to the creation of the West Indian Royal Commission headed by Lord Moyne to investigate the whole British Caribbean region in 1938-39.64 The reforms recommended by the Moyne Commission were meant to appease the populace although there was no mention of low wages or unemployment. The commission recommended improved health services, the elimination of slums by providing low income housing, welfare programmes, and agricultural diversity.65

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65 Ibid., p. 184.
There were also suggestions of limited constitutional change and recognition of unions. The trade union recommendation, accepted by the Colonial Office and the local government, came about in order to prevent any more labour unrest, and to provide for better industrial relations.66

Unions based on the British model emerged between 1937 and the 50s: The Oilfield Workers Trade Union (OWTU), All Trinidad Sugar Estates and Factory Trade Union (ATSEFWU), Federated Workers Trade Union (FWTU), Seamen and Waterfront Workers Trade Union (SWWTU), Amalgamated Buildings and Woodworkers Union (ABWU), and the Public Workers Trade Union.67 The British organized unions provided a limited voice for the workers and diverted their frustration away from the lack of political reforms on the legislative council. The worsening economic conditions after WWII, however, accompanied by more labor unrest, led to more constitutional changes.

iii Political Constitutional Changes

The changed political structure came about on the advice of several Commissions appointed to investigate the unrest in Trinidad: the Wood Commission (1921-22), the Forster Commission (1937) and the Moyne Commission (1938-39). The recommendations of the Wood Commission essentially disenfranchised the working class (Black and Colored masses) because of the property qualification for voters, and the property or wealth qualification imposed on Trinidadians running for office. Cipriani, a White creole, who had the backing of the TWA, led the way for positive changes for the Blacks. Cipriani pressured the legislative council for education, self-

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66 Ibid., p. 185.
67 Ibid.
government, and an end to all forms of discrimination.\textsuperscript{68} There was, however, not much change at the time. In 1937, the Forster Commission was set up to look into the riots and disturbances which led to the emergence of unions as mentioned above.

Further disturbances in Trinidad led to the Moyne Commission whose recommendations wanted changes to the constitution to allow for more elected officials. The recommendations took some time to be implemented because the Crown, as it was also engaged in WWII, was in no hurry to give Trinidad a representative government. In 1941, after heated debates concerning the recommendations, constitutional change resulted in an increase in unofficial elected members from seven to nine on the legislative council, and a reduction in the number of official members; on the executive there was a majority of unofficial members with the governor retaining ultimate authority and the veto power.\textsuperscript{69} In 1941 a franchise committee was established to look into the prospect of universal suffrage and qualifications for candidates for election. It recommended that all adults who were twenty-one years and older should have the vote. However, it also recommended that candidates running for political office had to have an income of not less than $960 per annum or own property of worth not less than five thousand dollars.\textsuperscript{70} The new constitutional changes saw 46\% of the total population registered for the 1946 elections compared to 6\% during the 1925 elections.\textsuperscript{71} The most significant result of the change was the creation of party politics, and the politicization of the masses through the various unions. On the other hand, the commission ensured that men of property and the Crown benefited from the colonial export dependent structure.

\textsuperscript{68} J. K. Black et al, \textit{op. cit.}, p. 67.
\textsuperscript{69} Ibid., p. 71.
\textsuperscript{71} Ibid.
The 1946 election was confusing and fragmented, because of the personal struggle for power among various groups in a racially divided society, which also split the labor vote because of various parties linked with labor support, and using labor slogans to capture votes. G. K. Lewis outlines the nature of the political atmosphere during the election period by stating that:

"To read the biographical sketches of its leading figures for the decade after 1946, with their opportunism, their playing to the gallery and their unprincipled perambulation from one 'party' to the other is to realize how it all accurately reflected the local racial and religious divisions, for many of them nursed the support of those divisions... The political individualism reflected social individualism. The political charlatan was simply the social climber of the Trinidadian picaroon society operating in the political field."73

Clearly, Trinidadian politicians simply used the approach that most Western politicians adopt in order to get elected. Five parties contested the 1946 election, and the leaders were all members of various unions: Socialist Party of Trinidad and Tobago (SPTT), West Indian National Party (WINP), British Empire Workers and Citizens Home Rule Party (BEW & CHRP), Progressive Democratic Party (PDP), and the United Front (UF). The UF won three seats, the BEW & CHPP won three, SPTT won two and one independent was elected. The election, however, did not produce any cohesive majority because the legislative council was still dominated by a majority of non-elected officials. Similarly, the 1950 election did not produce a clear majority nor stop the cry for an elected majority. The BEW & CHRP members were excluded from the executive council by the Governor, Sir Hubert Rance, for fear of their perceived unpredictability and especially R. Butler's concern for the exploitation of the oilfield workers. Thus a campaign to exclude Butler and his members from the executive

72 Ibid., p. 195.


74 Ibid., p. 196.
council was organized because Butler’s views were perceived as not moderate.\(^75\) Also it was believed that Butler did not have the intelligence and administrative skills to be an Executive member and the other elected party members supported this view hoping that they would be nominated instead.\(^76\)

In April of 1950, the Colonial Office accepted a new constitution based on an elected majority of five on the executive council, with three ex-officio members, and one nominated. The system that was recommended for the legislative council did not allow the speaker to have a vote; and provided for three ex-officio members, five nominated members, and eighteen elected members. In effect, what happened was that the elected five on both the legislative council and the executive were not given the power to abrogate bills, and not much legislative change came about at the time. The new constitutional changes were put in place to stop a political party emerging and dominating the Executive council and legislature.

However, the 1950 election produced two new parties; the Caribbean Socialist Party (CSP) comprised of a few Fabian socialists; the Political Progress Group (PPG) led by A. Gomes, a White middle class, business oriented, and plantation owners supported party; and the revived Trinidad Labor Party (TLP), led by A. Cipriani. All won two seats each, also six independents were returned and the BEW & CHRP, whose main support came from the oil-field workers, captured eight seats.\(^77\) The emergence, however, of a party controlling the legislative assembly had to wait until another recommendation, made by the Sinanan Committee, opened the way for a single party to dominate the legislative assembly.

The Sinanan committee was commissioned to look into further constitutional

\(^{75}\) Ibid., p. 198.

\(^{76}\) S. Ryan, *op. cit.*, p. 90.

\(^{77}\) Ibid., p. 89-90.
changes, and it recommended that the Executive council should consist of ten elected ministers, one of whom was to be chief minister, with the Governor as chairman of the council. In 1956, a new constitution came into effect based on Sinanan's recommendation which changed the structure of the legislative assembly, although Sinanan himself was against any radical departure from the previous assembly because he believed that the conditions in Trinidad had not changed enough to warrant a new constitution. The new structure consisted of a legislative council which had two ex-officio members (the Colonial Secretary and the Attorney General), five nominated members and twenty-four elected members, an increase of six. There was to be an elected chief minister from the legislature to serve as leader in the legislative and the executive councils. In the executive council there were ministers elected with portfolios from the legislature. The two ex-officio members would also sit on the executive council. The governor still presided and the governor and the chief minister decided on the distribution of portfolios. The new constitution eliminated nominated members in the executive council. This is significant because it allowed the elected members to help initiate policies for Trinidad. Two ex-officio members were allowed to sit on the executive but they did not vote on policy decisions. The establishment of this new constitution opened the door for a single party to control the seat of power. Thus, domination by one party did emerge during the 1956 elections.

The development of party politics in Trinidad could not have occurred without the growing political awareness of the masses through the unions, a depressed economy,

78 Ibid., p. 97
79 Ibid.
81 Ibid., p. 232.
and British acceptance of its committees' recommendations of political change to minimize the risk of political unrest in the colony. However, in spite of union influence on early political party development in Trinidad, the 1956 election established a Black oriented capitalist party.

The PNM rise to Power

i. The 1956 and 1961 Elections

The 1956 election, which was a turning point in Trinidad, saw the entry of a Black middle class party into politics, the People's National Movement (PNM). The party's rise to power came about through the leadership of Dr. Eric Williams. His divide and rule approach to politics, which included not allowing radical labor members into the party, and splitting the East Indian votes between the Hindus, Christians and Muslims gave him control of politics in Trinidad. He split the East Indian votes by allowing Muslim and Christian East Indian members to run as candidates for the PNM. Williams' politics were considered pragmatic and very achievement-oriented.82 Deosaran, who takes a psychoanalytical approach to Williams' leadership style, states:

"The political pragmatism of Williams' leadership was quite evident in the successive victories by the PNM at the general elections. What is more controversial, is the ethics of the style. But his 'brute politics' was largely perceived as justified by his followers in the PNM victories. His leadership was judged more for its ends than its methods".83

However, Williams' pragmatic politics can also be perceived as ideological because of

82 R. Deosaran, Eric Williams: The Man, His Ideas, And His Politics (Port of Spain, 1981), p.45.
83 Ibid.
his commitment to an export dependent capitalist economy by welcoming foreign financial support to attract MNCs as a means of diversifying the economy. That a Black middle class party (PNM) maintained power for a period of twenty-five years was a result of Williams embracing an associated dependency relationship with foreign interests to sustain an export dependent capitalist economy. As Ryan states, all along the PNM party was very favorable to a measure of dependence with more financial and trade assistance helping to expand its industrial and agricultural production to ameliorate unemployment.84

However, the party's roots lay in Williams' close relationship with the Teachers Educational and Cultural Association (TECA). Earlier, Williams had built up a reputation as a leader concerned for his people, thus a sub-organization of the TECA called the Peoples Educational Movement (PEM) was established which gave Williams a platform to lecture on West Indian history. He preached nationalism, multiethnicity in Trinidad, and Third World solidarity; however, his constitutional and economic beliefs were moderate, and also his rhetoric was not revolutionary.85 The development of his ideological position and nationalist drive came about during his studies in England where he claimed that he only attended an Indian nationalist students club called the Majlis.86 By 1954-5 Williams had become well known throughout Trinidad, and a group of professionals organized an association called the People's Educational Group (PEG) to create political awareness, with Williams as their leader. The PEG was the political off-shoot of the PEM. Subsequently, the PNM was launched on January, 1956.


85 J. K. Black et al, op. cit., p. 74.

86 I. Oxaal, Black Intellectuals Come to Power (Cambridge, Massachusetts, 1968), p. 73.
The party had no labor roots, unlike the other political parties in Trinidad. The PNM was predominantly made up of middle class professionals and intellectuals. However, Williams discussed the party constitution and manifesto with some prominent Trinidadian leftists like George Padmore, C.L.R. James, and Arthur Lewis. Arthur Lewis was an economist and Fabian leftist who recommended to Williams that since the Blacks are more productive a peasant proprietorship be established and twenty to fifty acres of land be given to create a peasant class. The party included several businessmen, professionals, politicians, a doctor and a famous cricketer. It was clear that Williams was not willing to risk an ideological battle by having any labor affiliates. As Brereton argues, there was a lack of cohesion among the unions, and Williams' charismatic personality created a following of his own. Ryan states that Williams did not want to share power with notables in the party, which might have caused him problems. "If notables came into the Party with their followings, leadership would have to be shared; bases of factionalism would be

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87 B. Brereton, *op. cit.* (London, 1981), p. 234. G. Padmore, which is an alias name adopted when Malcolm Nurse (real name) joined the a Communist party in the US, was a noted Black Marxist intellectual who was responsible for keeping alive the Pan-African idea and establishing two conferences on Pan-Africanism in 1958 in Accra. Padmore was considered the father of African emancipation. See I. Oxaal, "The Intellectual Background to the Democratic Revolution in Trinidad" in *The Democratic Revolution in the West Indies* by W. Bell ed., (Cambridge, Massachusetts, 1967), p. 33. See also L. Edmondson, "The Internationalization of Black Power" in O. Coombs ed., *Is Massa Day Dead* (US, 1974), p. 216. C.L.R. James, a noted Internationalist Marxist, was a good friend of G. Padmore and Eric Williams. Also James was the editor of the PNM's weekly newspaper called the "Nation". Williams got rid of James, before the 1961 election, because having a Leftist within the PNM was seen as a liability. See S. Ryan, *Race and Nationalism in Trinidad and Tobago* (Toronto, 1972), p. 282.


89 Ibid.

90 Ibid., p. 325.

91 S. Ryan, *op. cit.*, p. 159.
institutionalized. To a man of Williams' temperament, this was intolerable."

Deosaran argues that Williams believed that he was intellectually endowed to lead, and only those who offered no intellectual challenge were allowed in his Party. Williams wanted the Party to be of his own making with a strict adherence to his policy of maintaining stability through dependent capitalism. Even the recruitment came from the PEG, providing mostly Black and Colored middle class members. Only one labor member ran under the PNM banner during the 1956 elections. Out of the twenty-four PNM candidates running for office seven were businessmen. Table 2-2 shows the candidates by occupation, and table 2-3 shows the candidates by race.

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92 Ibid.


Table 2-2
PNM candidates 1956, by vocation

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pharmacists</td>
<td>2</td>
</tr>
<tr>
<td>Doctors</td>
<td>2</td>
</tr>
<tr>
<td>Accountants</td>
<td>2</td>
</tr>
<tr>
<td>Dentists</td>
<td>2</td>
</tr>
<tr>
<td>Party organizer</td>
<td>1</td>
</tr>
<tr>
<td>Trade-union official</td>
<td>1</td>
</tr>
<tr>
<td>Teachers (incl. retired)</td>
<td>2</td>
</tr>
<tr>
<td>Author</td>
<td>1</td>
</tr>
<tr>
<td>Lawyers</td>
<td>2</td>
</tr>
<tr>
<td>Clerk/storekeepers</td>
<td>2</td>
</tr>
<tr>
<td>Businessmen</td>
<td>7</td>
</tr>
</tbody>
</table>


Table 2-3
PNM candidates 1956, by race

<table>
<thead>
<tr>
<th>Race</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Negros</td>
<td>15</td>
</tr>
<tr>
<td>Chinese creole</td>
<td>1 (mixed)</td>
</tr>
<tr>
<td>Indian</td>
<td>6 (3 Moslem, 2 Hindus 1 Presbyterian)</td>
</tr>
<tr>
<td>European</td>
<td>1</td>
</tr>
<tr>
<td>Spanish creole</td>
<td>1 (mixed)</td>
</tr>
</tbody>
</table>


Race and class were part of the process of party politics in Trinidad and Tobago. Creoles in table 2-3 refers to individuals born in Trinidad and Tobago of a ethnic background other than Black. This racial classification, which is outdated, was developed by the French who at the time discriminated against those French men and women born in the colonies from those born in France. It was taught that those born on the islands were less "refined", hence the term creole. However, the White elites in colonial Trinidad consisted of two main groups: (i) the British, in official positions, and the Scottish merchants, planters, and professionals; (ii) the White Creoles born in the island and descended from French, Spanish, Irish, and English nationals.96 However,

the social stratification within Trinidad has changed and is based on a Black political elite controlling the state and in favor of maintaining links with the capitalist class in the metropolis and perpetuating the world-wide reproduction of capitalism. 97

C.Y. Thomas argues that when the state's ruling class is in control and has developed close ties with national private capital, a 'state for itself' is created. 98

"It is because of considerations such as these . . . the premise that it is virtually impossible to separate economic policy from socio-political factors in the region's development . . . the state's economic policies do nevertheless reflect the interests of the dominant groups, although these are perhaps watered down somewhat by the conflicts which develop from time to time with those who oppose them." 99

Thomas believes that it is difficult to obtain a proper classification of classes in the Caribbean; however, he attempts to give a general classification of the social stratification. On top of the social structure there is the State Ownership Class consisting of: the Black administrators with top civil servants and party heads working closely with foreign investors, and the MNCs. The state ownership class is referred to by Thomas as the petty bourgeoisie; the middle class is comprised of the lower ranks of landholders, professionals, teachers, middle-level management in state and private businesses, small scale commercial operators, shopkeepers, artisans and traders working on their own. Propertied classes consist of family manufacturing businesses. Lastly, the working class members are distributed among the foreign and domestic enterprises located in the urban areas. The working class can be found in the mineral-extracting sector, service sector employment, manufacturing or assembly type jobs in branch plants under joint agreements with the MNCs, street vendors, domestic service,


98 Ibid., p. 195.

99 Ibid., p. 181.
and taxi-operators.100

G. K. Lewis likes to separate the class stratification into the old and new to indicate a change in the class structure. The old rich is comprised of the French conservative families; the old middle class is comprised of doctors, lawyers and small merchants living in small towns; the old poor is comprised of the marginal peasantry. The new rich are individuals who made their wealth in business, tourism, and real estate speculation; the new middle class are the high salaried lawyers, doctors, private firms' workers, technocrats, and government workers; the new poor consist of slum dwellers and individuals living in housing projects.101 Thus the hierarchical class structure consists of a Black state administration who have gained power and in the process achieved economic power by remaining allied with foreign capital and the MNCs. As a result, the Black political elites and the Black middle classes used the state's apparatus to continue the dependent export capitalist economy for their own interest and to perpetuate capital accumulation through MNC control.

On the other hand, P.C. Hintzen argues that international capitalist penetration in Trinidad's economy fuels the ethnic stratification among the upper and the middle classes and the ethnic antagonism among the lower class Blacks and East Indians.102 The State's policy on industrialization and the development of local capitalism has brought about the participation of the professional business class of Whites and East Indians.103 If it was not for the PNM's procapitalist ideology the party would not have gained elite support along racial lines especially from the White and East Indian

100 Ibid., pp. 168-193.


103 Ibid., p. 122.
elites. Furthermore, the increase in State revenue and economic growth enabled the government to finance public sector projects which provided an increase in employment and higher incomes for members of the Black and Colored middle class employed in the government. The PNM's support of dependent capitalist development provides the business ethnic classes with the opportunity to benefit from the dependency structure and to support the PNM in the continuation of capitalist development with foreign assistance. Thus there is not much opposition to the PNM's rule as long as the other ethnic groups benefit from the PNM's policy. However, in order to capture political power and maintain financial-dependency the PNM had to contend with opposing forces such as the East Indians and Creole Whites. Thus, the 1956 election was crucial for the future of the Blacks in a racially divided society.

The outcome of the 1956 election saw the PNM winning thirteen out of the twenty-four seats, the People's Democratic Party (PDP), an East Indian rural party representing the sugarcane workers, winning five seats, the TLP, and the BEW &CHRP winning two seats each and two independents winning a seat each. The election was a bitterly fought campaign with Williams attacking and criticizing the PDP as the enemy in order to win the elections. Moreover, the PDP alienated the Christian and Muslim East Indians because of its strong connection with the Sanatan Dharma Maha Saba, a religious Hindu organization; thus losing valuable votes. Williams' strategy at the time was to split the votes among the orthodox Hindus and the reformist Hindus; also between the Christian Indians and the Moslems by accusing the


105 Ibid., p. 123.

106 S. Ryan, op. cit., p. 139.

Williams tried to downplay the racial factor in politics by stating in a paper entitled "Race Relations in Caribbean Society," presented at a Symposium on Caribbean Studies, that: "Never in the history of Trinidad and Tobago has racial tension been of so little consequence as under the government of the People's National Movement". He stated that the party consists of all racial groups in Trinidad and Tobago, by citing that the party has two East Indians and one European in the legislature, and that the opposition is mainly an East Indian party with seven East Indians out of a total of eleven.

The crucial factor that emerged from the election was that a party held a majority in the legislative assembly, leaving the Governor, E. Beetham, no choice but to ask the Colonial Office to grant the PNM the right to govern the country. The interest and the stability of the country, and also the flexibility of the constitution cited by Beetham, warranted granting the PNM political power. Williams' PNM party was not perceived as a threat because ideologically the party was not opposed to foreign investment and the continuation of financial-industrial dependency, nor was the party pro labor. The members of the PNM were mainly middle class with little labor support, which pleased the governor because it was the labor unions that demanded change. Williams, however, showed his loyalty to the Colonial Office by appointing a prominent white businessman to the legislature, and two white businessmen to the executive council. There were no labor union members on the executive or on the

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108 Ibid., p. 140.


110 S. Ryan, op. cit., pp. 166.

legislature, because Williams opposed Socialism, supported foreign capital investment, such as the Texaco takeover of British Petroleum (BP) in 1956 and industrialization by foreign capital through tax concessions.\textsuperscript{112} He refused to purchase BP when it was being sold to Texaco in 1955 for fear of being branded a Socialist.\textsuperscript{113} It was too early to advocate nationalization which might have scared off foreign investment and hampered the government's chances of sustaining capital accumulation. Williams allowed Texaco to develop and invest capital in Trinidad's oil sector because of a shortage of British investment.\textsuperscript{114} He believed that the transfer of ownership corresponded to the PNM's policy of attracting major foreign capital.\textsuperscript{115} Thus when the PNM party came to power Williams accepted dependent capitalist export development with the oil companies as a means of maintaining oil revenue. However, only a 50:50 arrangement to share oil profits between the PNM and the oil companies' earnings was actually agreed upon.\textsuperscript{116} Mulchansingh argues that the oil industry is not labor intensive and that it only employs a little less than 4% of the population.\textsuperscript{117} Hence, the sugar industry still played a crucial role in the employment of East Indians and generating capital accumulation, although it was not as profitable as it could be. Black et al argue that: "the expatriate ownership of the industry, the leakage of profits

\textsuperscript{112} Ibid., p. 238.

\textsuperscript{113} S. Ryan, \textit{op. cit.}, 408.

\textsuperscript{114} I. Oxaal, \textit{op. cit.} (Cambridge, Massachusetts), p. 123.

\textsuperscript{115} Ibid., p. 122.


out of the colony, and the low royalty payments reinforced the problems of the agrarian sector.\textsuperscript{118}

However, the 1956 election established the PNM as the governing party ready to do business with all foreign capitalists to assist in the economic development of Trinidad and Tobago, and to lead the country to independence and to promote industrialization. The PNM was also assisted by the fact that the PDP had not put forth a national economic policy but claimed to be socialist seeking some form of nationalization of industries, but ironically excluding the oil and sugar industries.\textsuperscript{119} The PDP refrained from wanting to nationalize the sugar and oil industries, because of the importance of maintaining an export dependent sugar industry, which employed mainly East Indians, and provided capital accumulation.

The 1961 election consolidated the PNM’s control over the political system of Trinidad, and its export dependent capitalist economic development. However, the 1961 election saw a new East Indian politician, Dr. R. Capildeo, taking over the leadership from B. Maraj to direct the Democratic Labor Party (DLP) to challenge the PNM. The DLP also supported the idea of a Federation of the West Indies. Under a federated West Indies the East Indians believed that they would have a better chance of sharing power with the Blacks, than in an independent Trinidad and Tobago under Black rule. The DLP consisted of members of the P0PPG, a business oriented party, the PDP, and the TLP.\textsuperscript{120} The DLP was actually formed in 1958 and won the federal election campaign to represent Trinidad and Tobago in a Federated West Indies. One of the aims of the DLP was to demonstrate to the populace that the DLP was not just

\textsuperscript{118} J. K. Black et al, \textit{op. cit.}, p. 63.

\textsuperscript{119} S. Ryan, \textit{op. cit.}, p. 144.

\textsuperscript{120} Ibid., pp. 128-132.
another East Indian party vying for power, but internal power struggles over the leadership weakened the ability of the DLP to organize effectively against the PNM. However, the federation idea failed and Trinidad and Tobago was granted independence a year after the 1961 election which the PNM won.

Payne correctly analyses the federation's inevitable collapse by arguing that there was a lack of popular enthusiasm along with an insular self-regard, fragmentation and economic self-interest. Furthermore, Payne also argues that the political-economic development of the larger islands, Trinidad and Jamaica, heightened regional rivalries and hastened independence, bringing to an end the federation idea. Therefore, with Jamaica's departure and independence, Trinidad sought independence which was officially granted on August 31, 1962. After independence the Westminster model of government was maintained with a Black middle class political administration, and an export dependent capitalist economy controlled by Tate and Lyle and various foreign oil companies with government approval. Thus, political independence provided the opportunity for a Black middle class to control the state, which promoted an export dependent capitalist economy with the assistance of foreign financial-industrial capital.

The 1961 election polarized the voting process into a racial contest, a pattern that

121 Ibid., p. 175.
122 F. E. Brassington, The Politics Of Opposition (Trinidad, 1976), p. 32. Moreover, F. E. Brassington was at the time the former Honorary secretary of the DLP.
124 Ibid., p. 19.
125 Tate and Lyle, a British sugar MNC, was established in Trinidad in 1937 under the subsidiary named Caroni and controlled the majority on land used for cultivating sugar.
continued throughout the subsequent elections. Most significantly, a speech given by Williams on December 22, 1960, at Woodford Square, symbolically linked the DLP to the days of the Massa.\textsuperscript{126} The speech, entitled "Massa Day Done," demonstrated what the PNM stood for in relation to the DLP, whom Williams said wanted to maintain the Massa. Furthermore, the factors for ethnic polarization spread with the implementation of voting machines, registration cards, and the reorganization of electoral boundaries. The PNM passed legislation in November, 1960 to use voting machines and a voters' registration list.\textsuperscript{127}

The DLP was concerned about these changes and argued that both the voting machines and the registration cards were a ploy to disenfranchise the East Indian voters because of the high illiteracy among rural East Indians; and also that the voting machines could be tampered with by experts.\textsuperscript{128} The leader of the DLP, Dr. R. Capildeo, believed that the machines were brought in for devious purposes.\textsuperscript{129} Also, the electoral boundaries were drawn up to represent the ethnic areas in Trinidad, and the PNM was charged with gerrymandering, because of the way in which the boundaries reflected ethnic sectors.\textsuperscript{130} The election saw the PNM winning twenty out of the thirty seats. The remaining ten went to the DLP. The DLP charged that the election was rigged.\textsuperscript{131} The charge of a rigged election was difficult to prove because, if anything,

\textsuperscript{126} E. Williams, "Massa Day Done," in The Aftermath of Sovereignty by D.Lowental and C. Comitas (New York, 1973), pp. 17-19. Massa means the reestablishment of a colonial system, which Williams used as a powerful analogy to discredit the DLP and to further polarize the election around ethnic issues.

\textsuperscript{127} S. Ryan, op. cit., p. 238.

\textsuperscript{128} Ibid., pp. 239-241.

\textsuperscript{129} Ibid., p. 241.

\textsuperscript{130} Ibid., pp. 244-245.

\textsuperscript{131} Ibid., p. 288.
Capildeo lost votes by his remarks advocating violence against the Government especially a couple of statements such as: "The only remedy to PNM persecution is to adopt the South American method of bloodshed and riot, revolution or civil disobedience, until you grind Government operations to a full stop, and then you get possession." Also, "Arm yourselves with weapons in order to take over this country. ... get ready to march on Whitehall: get ready now. Get ready to march on Government House... that is what I am asking you to do." Brassington argues that Capildeo's defeat was of his own making, the result of inexperience and irrational attacks. In all fairness, Capildeo believed that the use of voting machines would cause the DLP to lose the election, and the DLP was not consulted about the use of the voting machines.

The 1961 election again proved without doubt that race was a deciding rallying call. It was during the 1950s that the East Indians who were on the Legislative Council Executive proclaimed that they were moving up the social ladder, and the East Indian politicians used the slogan "We going up" to attract the East Indian votes in the sugar belt regions. The East Indian professionals and their political representation on the Legislative Council Executive caused the Blacks to take notice of a traditionally inferior group about to replace the Blacks. The Blacks had to contend with the Whites for power, and it was perceived that the East Indians were about to surpass the Blacks, which made the Blacks suspicious of the East Indians' objective of wanting a

132 Ibid., pp. 267-268.
133 F. E. Brassington, op. cit., p. 125.
134 S. Ryan, op. cit., p. 266.
136 Ibid., p.181.
united independent nation. The number of East Indians was estimated at 35 percent of the total population in 1946, and they were also considered to be best organized political group at the time. Furthermore, when one compares the total East Indian population in 1960, which was 36 percent of the total population while the Blacks were 43% of the total population, with the 1946 census there was an increase of only 1 percent indicating that East Indian population size was a factor in enhancing the DLP chances of gaining power. The population size was a factor because when one looks at the 1970 ethnic census the East Indian population was estimated to 40.1% of the total, while the Black population was 42.8%. Thus one can observe that within a ten year span the East Indian population grew by 4.1% while the Black population decreased by .2%. These facts must have worried the Blacks since the East Indians were rapidly becoming professionals and wanting political recognition at the same time. The DLP won in those areas where the majority of the population was East Indian and the PNM won in ridings that were mainly Black. Stone's study of stratification confirms the racial factor in the 1961 Trinidad election when compared to the Jamaican 1967 election which is seen by Stone to be based on class. The racial issue continued to be important in each successive election: 1966, 1971, 1976 and 1981.

During the 1966 election the DLP lost to the PNM by twelve seats to twenty-four seats. MacDonald argues that the DLP became an East Indian middle class party,


139 The West Indies and Caribbean Year Book, 1975, p. 337.

140 S. Ryan, op. cit., p. 125.

141 C. Stone, Stratification and Political Change in Trinidad and Jamaica (Beverly Hills, 1972).
which did not attract Black workers because the DLP could not identify with the Black labor unions; also there was the fear of an East Indian party ruling Trinidad.\textsuperscript{142} The 1971 election saw an alliance between the DLP and the newly formed Action Committee of Democratic Citizens (ACDC) to challenge the PNM. The alliance collapsed when A.N.R. Robinson, a cabinet member of the PNM who had defected, withdrew from the election hoping that an election boycott would bring the government down.\textsuperscript{143} The PNM easily won all thirty-six seats.

During the 1976 election a new party emerged to challenge the PNM. The United Labor Front (ULF), comprised of Blacks and East Indian workers, and led by Basdeo Panday, came about as a result of a meeting of sugar workers' unions to support the strike against Caroni Ltd.\textsuperscript{144} The ULF platform was to the left of the PNM, and the PNM played on the fears of the populace by accusing the ULF of being a communist party. Also the idea of an East Indian Prime Minister did not sit well with Black Trinidadians.\textsuperscript{145} The election, not surprisingly, was won by the PNM. Williams' party won twenty-four seats, ULF won ten, and the Democratic Action Committee won two seats in Tobago.\textsuperscript{146} Finally, in the 1981 election the PNM won again under the leadership of G. Chambers, who became party leader after the death of Williams in March 1981. The PNM won twenty-six seats, the ULF eight seats, and the DAC held on to its two seats.\textsuperscript{147} The PNM strategy was to argue that the ULF was a leftist threat

\textsuperscript{142} S. B. MacDonald, \textit{op. cit.}, p. 153.
\textsuperscript{143} Ibid., p. 171.
\textsuperscript{144} Ibid., p. 180.
\textsuperscript{145} Ibid., pp. 182, 184
\textsuperscript{146} Ibid., p. 183. Tobago is represented by two seats in the Trinidadian legislature.
\textsuperscript{147} Ibid., p. 205.
and the other parties right-wing reactionaries. This campaign of fear culminated in a PNM victory.

Nationalism was simply a means of gaining political power for Williams because of his dislike of British rule. But he needed an economic structure, which was a dependent capitalist export one, to maintain a workable economy and keep his power. He exploited the weak economic policies of all his opponents by accusing them of being Communist, Socialist, or Right-wing reactionaries. By advocating his belief in maintaining the dependent capitalist structure with foreign investment he signaled that the associate dependent link is crucial for industrial development and that the PNM must maintain control in order to prevent the ULF from capturing power for fear of the country losing the support of financial-industrial development. Thus, Williams was able to maintain some form of continuity with the inherited export dependent capitalist economy.

Cardoso and Faletto state that dependent capitalist development through foreign companies is a means that developing countries' leaders adopt to enhance development. The association between the state's elites and foreign interests to maintain a dependency structure can be observed in the PNM's first five year plans. This alliance between the government and foreign interests is perceived as a crucial factor in maintaining dependent economic development along capitalist principles.

From its entry onto the political arena in 1956 to its 1961 election victory, the PNM's economic platform of continuing the inherited export dependent capitalist

structure for capital accumulation was at the heart of its political success as was Williams' belief in the industrialization by invitation policy, which was consistent with an export dependent capitalist structure. The changing economic position from colonial dependency to financial-industrial dependency in Trinidad was a reflection of the multinational status that companies adopted to secure their monopolization of world trade, thus contact had to be maintained with MNCs to secure access to world markets. Thus maintaining an associate dependent link with foreign companies ensured access to trade, technology, know-how, and capital. Williams believed that "extensive economic contact" had a positive side in areas of growth in per capita income and the standard of living, as well as affecting the cultural, institutional, intellectual, and psychological elements of society.¹⁴⁹

"These extensive economic contacts with the outside world do have their positive side. The standard of living and per capita incomes of nearly all the Caribbean countries (with notable exception of Haiti, which has relatively few contacts with the outside world) have been undergoing fairly impressive increases over the last two decades; and social services such as health and education have expanded to some extent."¹⁵⁰

I. Oxaal aptly states that:

"The decision to bend over backwards to attract foreign investment meant that an atmosphere of security and well-being had to be generated within the local and expatriate upper middle class business community. These were the classes whose views and contacts would be crucial in creating investor confidence." ¹⁵¹

Williams' first five year plan indicated his reluctance to alter the historical export

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¹⁵⁰ Ibid.

dependent structure. Thus the export oriented industries expanded and were more successful than the domestic oriented industries.\textsuperscript{152}

In 1950, the Aid to Pioneer Industries Ordinance was passed, and established the industrialization policy,\textsuperscript{153} relying heavily on metropolitan capital and technology. A large percentage of investments in the manufacturing sector was in the form of branch-plant type establishments.\textsuperscript{154} At the time foreign capital investment was 83\% of all investment, and 80\% of foreign investment came from the U.S. and the U.K.\textsuperscript{155} After Williams took office his belief in industrialization by invitation set the conditions for further foreign penetration to enhance economic development:

"The one cause on which we must agree and unite is a development programme designed to provide jobs for our adults, schools for our children, houses for our families, water for everybody. Puerto Rico has found the key to the door of this development programme. This is not only an economic question. It is also political . . . ."\textsuperscript{156}

Boodhoo argues that Williams was interested in the growth model adopted by Puerto Rico called "Bootstrap" which meant that metropolitan firms should be attracted to provide capital, technology, organization, and market connections.\textsuperscript{157} Boodhoo further argues that Williams' approach was to accept the previous government plan, thus Williams' First Five Year Plan was to establish the base for foreign investment:


\textsuperscript{153} Ibid., p. 37.

\textsuperscript{154} Ibid., p. 39.

\textsuperscript{155} Ibid., p. 43.

\textsuperscript{156} P. Sutton, ed., \textit{Forged from the Love of Liberty: Selected Speeches of Dr. Eric Williams} (Trinidad, 1981), p. 10.

"Come in and invest. They have the right. We recognize they have the right. If they have problems, all the Ministers are there at their disposal. The policy of the Government is to give the fullest guarantee to those people against expropriation." 158

J. M. Sandoval argues that the first development plan was implemented to attract foreign capital and companies through the Industrial Development Corporation.159 Williams was trying to attract foreign capital, aid and investment. Thus, Williams' whole vision of the Caribbean was reflected in both his foreign and domestic policies.160 Williams knew that any restructuring of the economy along Socialist plans would not do.161 To carry out his plans he had to have control of the two main portfolios, Chief Minister and Minister of Planning and Development.162 To further consolidate his power, in 1967 he held the Minister of Finance portfolio as well as being Prime Minister. By holding three crucial portfolios he was in a position to direct and implement his fiscal policies along the dependent capitalist model.163

Foreign investment amounted to $35 million (TT) with a creation of 2,195 jobs during the 1950-56 period.164 In addition, from 1956-1967 crude oil production increased from 29 million barrels to 65 million barrels per annum.165 Thus Williams

158 Ibid., p. 57.

159 J. M. Sandoval, "State Capitalism in a Petroleum Based Economy: the Case of Trinidad and Tobago, "Crisis in the Caribbean" eds. F. Ambursely and R. Cohen (Kingston, Jamacia, 1983), p. 244.


161 S. Ryan, op. cit., p.113.

162 Ibid., p. 43.


164 S. Ryan, op. cit., p. 384. TT means Trinidad and Tobago dollars.

165 Ibid., p. 387.
knew that he had to be careful about what he said in order not to drive out the foreign capital and investments, which would have severed the associated dependent link. Domestic projects needed much more revenue, $191 million (TT) than the oil and the sugar industries could provide, which only further deepened the financial-industrial dependency relationship.

During drafting up of the first FYP, however, the U.S. and London failed to provide the loans Williams needed, and he also failed to raise domestic loans. Williams was hoping that his anti-Socialist stand would somehow encourage growth and investment in Trinidad. Robinson criticized Williams for "dependence on the metropolitan country in financial, monetary, and commercial policies." Economic growth through industrialization by invitation was not moving as quickly as expected because there were no heavy industrial developments and in the end oil revenues became the panacea.

Petroleum as the main economic booster provided 29% of revenue for the domestic market in 1951 and 32% in 1961. The growth rate of the economy by sectors from 1951-61 indicated that petroleum replaced agriculture as the pivotal provider for the economy, with 9.7% growth for the former and 4.2% growth for the latter. Also the manufacturing and service industries, including tourism, during the 1951-61 period were significant growth factors for the economy, 9.7% for the former and 9.9% for the latter.

166 Ibid., p. 180.
167 Ibid.
168 A.N.R. Robinson, op. cit., p. 44.
169 Ibid., p. 109.
170 Ibid., p. 110.
171 Ibid.
Table 2-4 Indicates the rate of growth of each sector for the 1951-1961 period.
Growth Rates of various Economic Sectors 1951-1961

<table>
<thead>
<tr>
<th>Sector</th>
<th>Growth Rate(%) 1951-1961</th>
</tr>
</thead>
<tbody>
<tr>
<td>Petroleum</td>
<td>9.7</td>
</tr>
<tr>
<td>Agriculture</td>
<td>4.2</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>9.7</td>
</tr>
<tr>
<td>Construction</td>
<td>6.6</td>
</tr>
<tr>
<td>Services (including tourism)</td>
<td>9.9</td>
</tr>
<tr>
<td>Transportation</td>
<td>8.5</td>
</tr>
</tbody>
</table>


Economic growth, however, produced economic mismanagement. From 1958 to 1961 there was an overall deficit in the government's budget; for example, in 1958 there was a $2.8 million (TT) deficit, in 1959 a $1.9 million deficit, in 1960 a $7.6 million deficit and, lastly, in 1961 the deficit increased to $56.4 million.\(^{172}\) Table 2-5 shows how much money was actually spent by the PNM administration and the deficit that was created based on the current surplus.

Table 2-5
Capital Expenditure and Current Surplus, 1958-1961 (in millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>Current Surplus</th>
<th>Capital Expenditure</th>
<th>Overall Deficit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1958</td>
<td>$ 34.2</td>
<td>$ 37.0</td>
<td>$ 2.8</td>
</tr>
<tr>
<td>1959</td>
<td>$ 28.0</td>
<td>$ 29.5</td>
<td>$ 1.5</td>
</tr>
<tr>
<td>1960</td>
<td>$ 29.8</td>
<td>$ 37.4</td>
<td>$ 7.6</td>
</tr>
<tr>
<td>1961</td>
<td>$ 5.3</td>
<td>$ 61.7</td>
<td>$ 56.4</td>
</tr>
</tbody>
</table>


\(^{172}\) Ibid., p. 104.
The oil boom in the fifties gave the government excessive confidence in the continued growth of the economy; thus spending continued which eventually created a deficit for the government. Also, political independence was close at hand as a result of the collapse of a federated West Indies, which may have also played a part in the government overspending to create an administration to accommodate for rising expectations after independence.

**iii. Political Independence (1962) based on the Policy of Financial-Industrial Dependence**

Independence was granted to Trinidad and Tobago on August 31, 1962 after the failed attempt to create a Federated West Indies (FWI). The planned Federation was a British idea. Most West Indian leaders were not sure of the cost each island had to pay nor where the headquarters of the Federation was to be located. Williams was also worried that Trinidad and Tobago would have to pay more than its share because of its oil revenues. But Jamaica's departure from the planned Federation allowed Williams to also opt for independence, and Britain was willing to grant independence.

However, independence did not produce any significant changes in the restructuring of the political economy established under the first five year plan. Moreover, independence did not change the government's attempt to obtain as much financial support as possible from foreign investors. As Minister of Finance, Williams in a 1963 budget debate outlined the policy framework of the 1962-1967 budget by explaining that:

"The smaller the domestic market, the more dependent a country becomes on overseas trade, and the more involved in international complications. This means simply that the alternatives available to a very small country are much more limited than those available to a very large country. I think we in Trinidad and Tobago must face the fact that we do not have much choice in the pattern of our industrial development. Given the small size of our own domestic market and our consequent need for external markets, . . . efficiency and
competitiveness are primary considerations in our industrial
development." 173

The policy to increase efficiency and industrial development was in the form of
providing special incentives for foreign investors in the areas of industry, hotel
development, housing, and agriculture. 174 The Minister of Finance was reinforcing the
continued policy of financial-industrial dependence by relying on foreign and private
investment for economic growth. The aim of the government was to maintain an
industrialized export producing economy based on corporate and private
investment. 175 The government believed that financial-industrial dependence, with
special incentives to attract foreign investors, would alleviate the unemployment and
economic problems that besieged the developing countries. Williams stated that:

"Independence means, first and foremost, external relations, foreign
policy. The broad outlines are already clear. The world is divided into
two camps; the hot war will follow the cold. Where do we, a new nation
of three million people, stand? If the Iron Curtain is the great divide
separating the two camps, then it is axiomatic that we are West of the
Curtain and not part of it. That is the anchor of our foreign policy as we
emerge into independence in 1960." 176

Williams' speech was sending a message to potential foreign investors that he was on
their side and Trinidad and Tobago was safe to invest in. If industrialization by
invitation was the aim of the government's political-economic approach, then Williams
had to demonstrate that independence meant nothing more than the emergence of a new
nation state ready to do business with foreign investors. Therefore, Williams' political
and economic policies were in compliance with the established Western political
economic principles of capitalism.

173 Ibid., p. 113.

174 Ibid., p. 114.

175 Ibid., p. 115.

With the policy of industrialization by invitation foreign aid was needed. There was an urgent need to build up a domestic infrastructure to attract foreign firms. The cost of building an adequate domestic infrastructure was outlined in the first five year plan of 1958-1962 at $191,388,364 (TT). The majority of the total budget went to the building of roads and bridges at $32 million, electricity at $26 million, water at $21.75 million of the total budget.177 Agriculture, forestry, fisheries and industry cost $28 million, education, public buildings, drainage and reclamation cost $28 million, and welfare services and amenities, for example housing, health, water, social services, local government, cost $63 million.178 The importance of the budget was to develop the infrastructural base for the new nation to attract foreign investment.

Foreign aid, however, was influential in developing the first budget, although it is difficult to prove how much was actually spent on the budget. In a speech, at the University of the West Indies campus in Trinidad, Williams stated that foreign aid over the years from 1956-1959 contributed $6,700,000, of which the U.S. gave $3,000,000, France $1,265,000, West Germany $798,000, and the U.K. gave $773,000.179 Foreign aid is part of the financial-industrial dependency. Foreign aid provided capital for the government to develop an infrastructure to pursue its industrialization plans.

**Independence**

Independence for Trinidad was based on a series of events. Two such events were the federation debates and the economic prosperity of the island which hastened

177 Ibid., p. 16.
178 Ibid., p. 17.
179 Ibid., p. 331.
independence. However, one of the PNM's main objectives after its rise to power was to seek independence within or outside the proposed West Indian Federation.\textsuperscript{180} Williams states that the PNM's second goal was to obtain self-government as soon as the party gained power.\textsuperscript{181} It seems that Williams wanted self-government to secure the opportunity for Trinidad and Tobago to opt out of the WIF if the economic burden was too severe. Internally, however, the DLP wanted WIF because of the fear that the PNM party would exclude the East Indians from the constitution. Eventually, Williams adopted nine proposals to placate the East Indians' fear of being disenfranchised from the political system.\textsuperscript{182} The nine proposals dealt with constitutional matters and they were accepted by Capildeo the leader of the DLP. However, the ninth proposal was not promised as part of the constitutional requirement.\textsuperscript{183} The nine proposals were:

1. "Special entrenchment of an increased number of provisions by a three-fourths majority of the members of the lower house and a two-thirds majority of the members of the upper house.
2. An independent boundaries commission which would delineate new constituencies which would vary by no more than a margin of 20 per cent.
3. An elections commission which would be responsible for the conduct of elections and the registration of voters. The commission was also to be responsible for ensuring the accuracy and competence of voting machines and for seeing that these were fully tested and sealed in the presence of representatives of political parties. The commission was to be completely free of any direction or control from the executive or any other authority.
4. The widening of the right of appeal to the Privy Council in matters other than constitutional rights.
5. Limitation to six months of the period during which a proclamation of a state of emergency could remain in force without being extended by Parliament

\textsuperscript{180} E. Williams, \textit{History of the People of Trinidad and Tobago}, (New York, 1964), p. 243.
\textsuperscript{181} Ibid.
\textsuperscript{182} S. Ryan, \textit{op. cit.}, p. 333.
\textsuperscript{183} Ibid.
6. Strengthening of the provisions for the independence of the auditor general.
7. Entrenchment of the provision that Trinidad remain a constitutional monarchy.
8. Entrenchment of provisions relating to the independence of the judiciary from partisan political pressure.
9. Consultation with the Leader of the Opposition on important appointments including the chairmanship of the elections and boundaries commissions, and on all the important national issues.” 184

Williams had to prove that as a leader he was capable of accommodating the DLP by compromising and bringing together the two main political ethnic groups under a new nation state. Williams' ability to compromise with the DLP indicated to the British that his party could successfully govern a multiracial society and in the end independence was granted. Moreover, Williams' acceptance of the established dependency structure and his willingness to maintain the associate dependent link indicated that he was in favor of capitalist economic structure and foreign investment. The colonial political and economic structure (colonial dependency and later on financial-industrial dependency) provided Williams with an established system to operate, and also ensured the PNM's political longevity. As table 2-6 shows, from 1957 to 1968, although there are fluctuations in oil revenues during certain years, the government's dependence on oil revenues provided the PNM with capital to support its political administration and economic policies.

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184 Ibid.
Table 2-6
The revenue of Trinidad and Tobago and the Contribution of The Oil Industry for The Selected Years (million WI Dollars) $ 1.00 US = $2.00 WI

<table>
<thead>
<tr>
<th>Year of A</th>
<th>Total Gov't Revenue</th>
<th>Contribution of (B)* the oil sector</th>
<th>B as a % of the oil sector income tax/Royalty</th>
</tr>
</thead>
<tbody>
<tr>
<td>1957</td>
<td>111.0</td>
<td>46.1</td>
<td>(27.7, 13.9)</td>
</tr>
<tr>
<td>1958</td>
<td>140.0</td>
<td>58.1</td>
<td>(36.8, 16.6)</td>
</tr>
<tr>
<td>1959</td>
<td>148.8</td>
<td>50.9</td>
<td>(29.6, 16.9)</td>
</tr>
<tr>
<td>1960</td>
<td>175.0</td>
<td>52.8</td>
<td>(29.8, 18.1)</td>
</tr>
<tr>
<td>1962</td>
<td>231.1</td>
<td>69.1</td>
<td>(34.5, 20.8)</td>
</tr>
<tr>
<td>1963</td>
<td>158.1</td>
<td>62.2</td>
<td>(35.3, 21.2)</td>
</tr>
<tr>
<td>1964</td>
<td>172.4</td>
<td>65.6</td>
<td>(37.7, 21.8)</td>
</tr>
<tr>
<td>1965</td>
<td>175.3</td>
<td>61.0</td>
<td>(33.6, 20.8)</td>
</tr>
<tr>
<td>1966</td>
<td>182.3</td>
<td>60.2</td>
<td>(30.4, 22.5)</td>
</tr>
<tr>
<td>1967</td>
<td>197.5</td>
<td>67.6</td>
<td>(33.3, 26.4)</td>
</tr>
<tr>
<td>1968</td>
<td>210.0</td>
<td>73.0</td>
<td>(35.0, 30.0)</td>
</tr>
</tbody>
</table>

Source: Annual Administrative Reports of the Petroleum Department, Trinidad Department of Inland Revenue Reports: The Ministry of Petroleum and Mines.

Conclusion

Williams inherited a British parliamentary political structure and an export dependent capitalist economic structure. These two structures were sustained by capital accumulation, especially the export sector based on the industrialization by invitation policy which assisted in the shift to financial-industrial dependency. Dos Santos is correct in his analysis that the developing nations financial-industrial dependence on the advanced nations fosters industrialization for the developing nations within the global market system. To pursue capitalist development, Williams had to maintain a capitalist economy to attract and maintain foreign or domestic investment to exploit the traditional export sectors, and other potential growth areas. Williams could not have afforded to nationalize Tate and Lyle and Texaco because the government did not have the revenue, nor the know-how, to operate the sugar and oil sectors. Thus maintaining financial-
industrial dependency assured him of capital accumulation. Tate and Lyle and Texaco, two foreign MNCs, were allowed to operate, and produced capital accumulation for themselves and for the government in the form of taxes and royalty revenues. This intertwined relationship between government and foreign interests of associated dependency tends to sustain a dependent capitalist economy that the government adheres to in order to promote economic development.

Williams' hold on power saw the continued dependence on the two main MNCs which provided 4.2% (sugar industry), and 9.7% (oil sector) economic growth during the 1951-61 period. However, Williams' government at the time was running a huge deficit of 56.4 million (TT) by 1961, one year before independence. Thus the answer for Williams was to further maintain the financial-industrial dependence connection. The continued control of political power was crucial for the Blacks if they wanted to control the state apparatus to insure political and economic survival and the continued financial-industrial dependency.

Williams had to face the ethnic split in Trinidad and tried to reconcile the growing polarization between the Blacks and East Indians. He believed that by gaining political power he could achieve some measure of stability. He understood the history of Trinidad and the political behavior of the East Indians and believed that PNM rule was best for the country. Thus the election victories were crucial. Winning the 1956 election and including members from the East Indian community in the PNM sent a symbolic signal to the colonial administration at the time that the PNM was a multiracial political party. Moreover, the PNM, at the time, was not a threat to the existing capitalist financial-industrial sector. The PDP was seen by the British as an unpredictable political party. With Williams' control of the state there was a guarantee that export dependent capitalist structure would prevail, and also the continued dependency link.

Consequently, the external and internal factors contributed to the continuation of an
export dependent capitalist economy within a financial-industrial dependency structure for capital accumulation. Thus, the PNM was seen as the right choice to govern Trinidad and Tobago because of Williams' ideological position, and the belief in industrialization by invitation to foster. Williams' belief in the industrialization by invitation plan proceeded and continued on to the oil boom period.
CHAPTER III


Introduction

The continuing dependence on foreign aid and finance through the PNM's policy, and the effects the 1966 and 1971 election victories had on solidifying the PNM's mandate will be analyzed in this chapter. In the last chapter it was argued that the First Five Year (FYP) plan or budget from 1958-1962 was based on an export dependent capitalist economy to enhance capital accumulation. The FYP was based on the industrialization by invitation plan which Williams believed was the answer for Trinidad's economic development. Thus, the FYP was budgeted to secure access to foreign investment and capital to stimulate the domestic economy. This export dependent development approach, however, did not create the flood of investment Williams expected. Budgeting for an open economy does not guarantee that foreign investment will automatically follow. Thus, the inadequate amount of economic growth from financial-industrial dependence, and the PNM's inability to fulfill its promises forced Williams to shift his focus from a rigid industrialization by invitation policy, enshrined in the first budget, to a joint venture policy in the second and third budget to boost economic development and the PNM's popularity. The joint venture schemes allowed for an increase of foreign capital and investment. Foreign aid and loans were also included in the second and third FYPs. Therefore, the PNM was still
dependent on foreign interests to assist in the establishment of joint ventures and to finance economic development. However, the changes from simple individual foreign investments to MNC investment saw an advanced phase of dependency emerging, called new dependency. New dependency, or MNC control, becomes possible when there is a dominant export sector in the periphery controlled by MNCs that needs capital, machinery and parts for further industrialization. Industrial development is conditioned by the centers that control the technology. Thus the new dependency phase of economic development creates further economic burdens for dependent export markets controlled by MNCs, which also affects the prices of raw products that are lower than the machinery needed for industrialization. In other words, there are declining terms of trade. Thus, the balance of payments becomes a problem forcing the government to rely on foreign investment, capital, and loans for further industrialization, and allowing MNCs to establish their industrial sectors to provide economic growth. Therefore, the PNM's dependence on the petroleum and sugar MNCs for capital accumulation benefited the export dependent sectors and the political climate.

The internal political outlook during this period saw the PNM in control, pursuing its economic agenda based on dependent capitalist development to aid the export driven economy. The political situation after the second 1961 election was stable and the PNM's power was never seriously challenged by the DLP opposition. Williams' first FYP did not produce any major departure from his policy of industrialization by invitation. However, a faltering economy produced some general unrest forcing the government to make some changes such as taking control of the utility industries, and the purchasing of some shares in Tate and Lyle in 1971; also the government purchased

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the Shell Oil company in Trinidad in 1974 and changed the name to Trintoc; and lastly the government obtained a joint venture share in an American oil company called Tesoro petroleum.

The third election, in 1966, saw the DLP gaining two extra seats for a total of twelve, while the PNM received twenty-four seats. But the DLP as a labor party failed to establish an alliance with the Black workers to challenge the PNM. The DLP was seen as an East Indian parochial party\(^2\) which could not to be trusted. The fear of the DLP resulted in a number of the Colored and a majority of Blacks of all classes voting for the PNM, thus giving the PNM the mandate to govern and pursue an agenda of financial-industrial dependence for capital accumulation.

The fourth election, held in 1971, saw the main opposition (DLP) attempting to form an alliance with the Action Committee of Democratic Citizens (ACDC) which was led by A. N. R. Robinson, a close associate of Williams and member of the PNM. The alliance failed, which led the opposition to boycott the election in a vain attempt to make a mockery of the electoral process. The failed election boycott allowed the PNM to capture all the contested seats and to implement a third five year plan. The third FYP was significantly different from the previous ones and included more government planning, state ownership of essential services and participation in joint ventures. The emphasis on state ownership and joint ventures came about as a result of Black power demonstrations, labor problems, a decline in oil revenues, and low sugar prices.

The second FYP 1963-1968 was planned and implemented before the 1966 election; thus there was no need for a new budget after the election. Similarly, the third FYP, 1969-1974, again was projected before the 1971 election although there were some changes from the previous two, which indicated that the government wanted

\(^2\) F. E. Brassington, however, states that the DLP under the leadership of Maraj attempted to seek a multi-racial and multi-religious support. See F. E. Brassington, *The Politics of Opposition* (Trinidad, 1976), pp, 62-63.
some control of foreign investment by establishing joint ventureships with foreign investors to obtain more capital. (See page 123 for a brief discussion of the budget speech outlining the subtle changes which did not depart from financial-industrial dependence, and allowed the penetration of MNCs). The FYPs were budgeted to carry over into the next election which would have made it difficult for the opposition to eliminate them, if the DLP were to gain power. However, the DLP did not produce an economic plan, nor could they have afforded to oppose too strongly Tate and Lyle because the sugar workers (East Indians) were dependent on the Tate and Lyle for employment.

The political economic outlook from 1966 to 1971 saw the PNM maintaining an export sector dominated economy controlled by Texaco, Tate and Lyle and the various other foreign MNCs in Trinidad. However, Williams, during the 1970 unrest, believed that many people were unaware of the things the Government did for the country and tactfully said "...many people were talking a lot of rubbish about petroleum and sugar, but could we cut our nose off to spoil our faces? .. The country was saying: "If we cut our noses to spoil our faces, it is we that cut it off."

This manner of speaking to the public was an attempt to convince the Black masses that foreign control is a necessary evil that must be endured in order to maintain employment.

Thus, Williams was clearly stating his position on the issue of foreign ownership and the dependency nature of the economy, and where the future of the country lay. The PNM's political and economic plan was to maintain capital accumulation through the associate dependency link with foreign interests and MNCs. The associate dependency link was crucial for financial-industrial dependency to continue.

The 1966 Election

The third election, in 1966, proved again that race, more than economic matters, dominated. Both the PNM and the DLP were pro-capitalist and very middle class oriented parties. The significant difference between the two parties was their respective ethnicity. In the 1966 election, more so than in the 1956 election, the voting process was polarized along ethnic lines. Williams, however, tried to play down the ethnic factor by accommodating the East Indians. Two East Indian representatives, one from a Muslim background, Kamaluddin Mohammed, and the other an Indo-Christian Trinidadian, Winston Mahabir, joined the cabinet which helped the PNM's multiethnic party image. The two East Indian candidates were successful in the 1966 election. While the PNM was organizing its election strategy the DLP was undergoing some internal changes, which weakened the party's chances of winning the 1966 election.

In 1964 three DLP parliamentary members left the DLP and formed the Liberal Party of Trinidad and Tobago in opposition to Capildeo's reelection as party leader for the 1966 election because of his long leave of absence from Parliament. Furthermore, the DLP failed to form an alliance with the Black workers to obtain a united front to challenge the PNM, which weakened its chances of forming a majority government. Thus the DLP decided to rely on its ethnic support to carry it into power. The DLP played right into the hands of the PNM by trying to use race as a determining factor to gain power. In fact the East Indian population was much smaller than the Black

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5 Ibid., 146.
6 Ibid., p. 148.
7 Ibid., p. 153.
population at the time. In 1960 the population census indicated that out of a total of 827,957 the number of Blacks were 301,946; and East Indians numbered only 143,749.* The census did not indicate whether the population were of voting age. Therefore, the point is, the DLP's chances of winning the election even if all of the eligible East Indians voted for the DLP were slim. The DLP did not have the ethnic numbers to win, and as a labor party it failed to attract Black votes because of the ethnic factor. The DLP was a middle class oriented Hindu labor party catering mainly to East Indian problems, and wanting to displace the PNM to eliminate the political imbalance of a Black dominated government. However, the DLP alienated a majority of non-Indian voters because of the image of being an all East Indian Hindu political party.

The 1966 election saw a high turnout rate with 96% of the eligible electorate voting: the PNM obtained 52% of the vote, the DLP 34%, the Liberal Party 7% and the Workers and Farmers Party 3%. It is reasoned that the high turnout was the result of a fear of the East Indian party winning the election. The DLP won 12 seats out of a total of 36 and the PNM gained 24. The PNM's victory for a third term under Williams' leadership gave Williams the mandate to pursue his plans. Williams' plans were made much easier when the DLP decided to boycott all voting and debating in the Parliament. The DLP boycott imposed by Capildeo did not produce much in the way of support for him, and he lost his seat in Parliament in 1968 for failing to be present several times in the House.

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8 West Indian and Caribbean Year Book, 1966.

9 S. B. MacDonald, op. cit., p. 154.

10 Ibid., p. 153.

11 Ibid., p. 154.

The twelve seats won by the DLP could have made a difference if the DLP had acted as the official opposition in Parliament. This might have enhanced the DLP's chances in the 1971 election, because the DLP would have shown that it was capable of governing. However, the PNM's victory and the DLP's silence in Parliament allowed Williams' policy to go unchecked, and he was free to proceed with his dependent capitalist project. Thus the PNM was not made accountable in Parliament. The DLP did not have a different economic policy, and was also favorable to an export dependent capitalist economy since the majority of the East Indian sugar cane workers, who supported the DLP, were dependent on Tate and Lyle for employment. Hence, the DLP could not afford to criticize the export dependent capitalist economy. However, with Williams' control in parliament the export driven economy as a means of generating capital accumulation continued. Thus Trinidad and Tobago's economic growth was sustained as a dependent capitalist export driven market which contributed to the national income.

The Second FYP 1963-1968

Williams' second FYP was implemented before the 1966 election, thus establishing a planned budget prior to the election. The second FYP emphasized both more foreign investment and a more dominant role for the Black middle class in the economy. In

13 F. E. Brassington mentioned that the DLP attempted to win over the upper classes when there was a growing fear at the time of Williams' nationalistic rhetoric. Thus it seems that the DLP was in favor of a capitalist class, but to what extent it is not clear. See F. E. Brassington, *The Politics of Opposition* (Trinidad, 1976), pp. 83-84.


order for the Black middle class to get involved in the economy Williams pursued a nationalistic drive aimed at controlling utilities, such as electricity, water and sewage, public transport and port facilities to provide employment for Blacks. Likewise, the PNM assisted private domestic capital by providing financial funds and by buying shares in private companies to raise revenue. Williams was not opposed to private ownership of the means of production but wanted to establish a Black bourgeoisie. Thus the budget was an attempt to harmonize state and private interests with some emphasis on import substitution and export production. Williams wanted to create employment by depending on the injection of foreign capital to stimulate urban infrastructure, tourism and the manufacturing sectors. His plan was to allow foreign investment to continue to enhance dependent capitalist development.

Williams budgeted for $320 million TT which was laid out in the draft of the Second FYP to accommodate the demands of a growing labor force, and two crucial aspects of the budget (FYP) were emphasized: firstly, an increase in employment within the public sector and an increase in social facilities to meet the needs of the rapid population growth; secondly, and most significant, was the need for private capital and foreign aid. Williams was budgeting for social and infrastructural programs by relying on private investment, of which he was not too certain, and foreign aid to make up his revenue. Williams stated that the first feature of his plan was to focus on

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19 Ibid., p. 23.
production diversification to avoid total dependence on oil. His diversification plan advocated agricultural production, other types of exports, education, housing and the use of natural gas.\textsuperscript{20} Williams summarized his FYP budget as reflecting: "Firstly, the economic necessities arising from our trading position. Secondly, considerations of social justice. Thirdly, the need for the government to continue unswervingly its development effort."\textsuperscript{21} Williams was trying to rationalize his FYP as all-embracing. Williams, however, knew that his diversification plan needed a sharp influx of foreign aid and investment in order for it to work.

A structurally dependent economy was the path chosen for development as reflected in the second FYP. An analysis of the second FYP indicates that foreign borrowing, which was estimated at $53.0 million TT, and foreign aid (grants and loans) of $101.1 million TT, made up the bulk of FYP financing.\textsuperscript{22} Table 3-1 gives an indication of how the FYP projections were divided among various revenue sources and how the government revised its FYP revenues in order to accommodate for development.

\textsuperscript{20} Ibid., pp. 24-30.


\textsuperscript{22} Ibid., p. 118.
### Table 3-1 Five-Year Development Plan, 1964-1968: Estimated and Actual Financing (in Millions of TT dollars)

<table>
<thead>
<tr>
<th>Description</th>
<th>Estimate</th>
<th>Revised Estimate</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public sector savings (including government revenue surplus and savings public utilities)</td>
<td>41.6</td>
<td>45.4</td>
<td>67.2</td>
</tr>
<tr>
<td>Use of government surplus balances</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Capital revenues from local sources</td>
<td>6.0</td>
<td>4.0</td>
<td>3.0</td>
</tr>
<tr>
<td>Local borrowing</td>
<td>47.6</td>
<td>65.5</td>
<td>116.0</td>
</tr>
<tr>
<td>Foreign borrowing</td>
<td>66.1</td>
<td>53.0</td>
<td>68.8</td>
</tr>
<tr>
<td>Chaguaramas agreement funds</td>
<td>50.5</td>
<td>51.5</td>
<td>51.0</td>
</tr>
<tr>
<td>Foreign aid (grants and soft loans)</td>
<td>90.8</td>
<td>101.1</td>
<td>-</td>
</tr>
</tbody>
</table>

| Total                                                        | 302.6a   | 320.5b           | 306.0c |

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Source: Table 10.4 A.N.R. Robinson, *The Mechanics of Independence: Patterns of Political and Economic Transformation in Trinidad and Tobago*, (Cambridge, Massachusetts: M.I.T. Press, 1971), p. 188. The millions of dollars estimated in the budget were in Trinidad and Tobago currency.

The revised estimate column of the second FYP(b.) indicated that $53 million of foreign borrowing and $101.1 million of foreign aid were budgeted. The FYP indicated that Williams knew that without the support of foreign capital he would not be able to meet his stated plans for Trinidad and Tobago. The foreign aid of $101.1 million TT did not materialize, thus the budget was short $14.5 million. The Chaguaramas agreement fund is money for a leased base that the Americans occupied when Britain gave away a piece of her colony's territory in a 1941 agreement with the U.S. However, the oil and sugar revenues were not sufficient to maintain Williams' 23 The $14.5 million TT comes from 320.5 (Revised Estimate) - $306.0 (Actual which equals $14.5 million. See table 3-6 revised estimate and actual budget.
development plan. In the 1964-68 period these two major export sectors, which provided the bulk of revenue, were not performing as expected compared to the other sectors. Table 3-2 indicates a vulnerability of the sugar and oil industries in maintaining capital accumulation, although there was a modest .1% increase in the overall economy in the 1964-68 period when compared to the 1960-64 period. The subtraction of 7.3% from 7.4% equals .1%. It should be noted that the agriculture, forestry and fishing section includes sugar, and the mining, quarriing and refining includes oil. Generally, table 3-2 indicates the precarious nature of a dependent export capitalist economy. Thus a reliance on external finance became necessary.
Table 3-2 Trinidad and Tobago Annual Growth Rates of Gross Domestic Product by Major Industrial groups 1951-68;

<table>
<thead>
<tr>
<th>Sector</th>
<th>1951-56</th>
<th>1956-60</th>
<th>1960-64</th>
<th>1964-68</th>
<th>1951-68</th>
<th>1960-68</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture, forestry and fishing</td>
<td>8.6</td>
<td>6.1</td>
<td>-1.7</td>
<td>-1.7</td>
<td>5.2</td>
<td>2.77</td>
</tr>
<tr>
<td>Mining, Quarring and Refining</td>
<td>14.7</td>
<td>9.0</td>
<td>3.1</td>
<td>4.7</td>
<td>8.2</td>
<td>3.9</td>
</tr>
<tr>
<td>Manufacturing and Processing</td>
<td>7.1</td>
<td>15.5</td>
<td>14.1</td>
<td>9.1</td>
<td>11.1</td>
<td>11.6</td>
</tr>
<tr>
<td>Construction</td>
<td>15.1</td>
<td>24.3</td>
<td>5.4</td>
<td>6.7</td>
<td>12.8</td>
<td>6.0</td>
</tr>
<tr>
<td>Distributive Trade</td>
<td>19.7</td>
<td>12.7</td>
<td>9.0</td>
<td>n.a.</td>
<td>14.2</td>
<td>n.a.</td>
</tr>
<tr>
<td>Public. Administration</td>
<td>12.0</td>
<td>12.7</td>
<td>8.7</td>
<td>8.9</td>
<td>10.6</td>
<td>8.8</td>
</tr>
<tr>
<td>Miscellaneous Services</td>
<td>9.8</td>
<td>14.0</td>
<td>6.6</td>
<td>7.7</td>
<td>9.5</td>
<td>7.2</td>
</tr>
<tr>
<td>Total**</td>
<td>12.2</td>
<td>11.7</td>
<td>7.3</td>
<td>7.4</td>
<td>9.8</td>
<td>7.3</td>
</tr>
</tbody>
</table>

* 1951-64
** Whole Economy.
Foreign financial capital dependence contributed significantly to the budget. Thus, Williams' dependence on foreign financial capital was crucial for sustaining the FYP and economic development. Williams was also trying, at the time, to increase joint venture schemes by establishing partnerships with foreign capital, which he believed would provide some measure of stability in a financial-industrial dependent economy. It seems that Williams' objective was to maintain close economic ties with foreign enterprises. He was hoping that if shares were bought in the foreign companies then a partnership with the foreign companies would give him some control over the economy. This would be explained in the 1971 election, and the third FYP.

The second FYP carried over into the election year of November, 1966. The second FYP was an extension of the first FYP with an added emphasis on more government intervention in shaping the economy by nationalizing the utilities, and buying shares in foreign subsidiaries. The 1966 election victory gave the PNM the mandate to carry out the plans and goals of development reflected in the third FYP. The DLP gained twelve seats and had an opportunity to oppose the government in parliament, but failed to carry out its role as an opposition by remaining silent during parliamentary debates. The reason for the boycott of parliamentary debates was based on the DLP's argument that the voting machines used during the election was tampered with, and as far as the DLP was concerned the election was fraudulent. However, if the opposition had performed its duty in parliament, then criticism of the PNM's economic agenda would have demonstrated that the DLP was a serious party with a

24 K. I. Boodhoo, op. cit., p.57.


new objective. While the opposition was boycotting parliamentary proceedings the second FYP was being implemented.

Election April 1971

The opposition boycotted the 1971 election allowing the PNM to govern Trinidad and Tobago as a one party state. The opposition was hoping that the populace would adhere to its boycott and refrain from voting, thus weakening the PNM's mandate to rule. Again the opposition failed in its attempt to maintain a climate of parliamentary democracy by making the government accountable. However, the DLP before the election attempted to mount a serious challenge to the PNM by forming a coalition with the Action Committee of Democratic Citizens (ACDC). The ACDC was formed by A. N. R. Robinson with some disaffected Black members of the PNM, and stood for less centralization, and an end to corruption, economic mismanagement, and detention without charges. The coalition failed for two reasons: the race factor, and the fact that each party leader had his own personal reasons for the coalition.

The coalition between the DLP, led by V. Jamadar (who replaced Capildeo in a 1969 convention), and the ACDC founded by A.N.R. Robinson, who had been one of Williams' close advisors but deserted the PNM, was short-lived. Hastily founded in 1971 the ACDC-DLP broke down before the election began. Robinson's sudden withdrawal from the 1971 election created a chain reaction whereby other political parties followed, hoping to bring about a climate of instability. However, there were two minor parties that contested the election: the Democratic Liberation Party, an East Indian party led by Bhadase Maraj, which gained no seats even in predominantly East

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Indian areas,28 and the African National Congress(ANC), a Black power party which failed to gain 1% of the votes.29 The 1971 election was won by the PNM, which gained all thirty-six seats, although only 33.1% of the populace voted in the election.30

Robinson's rationale for boycotting the election was to deprive parliament of a legitimate opposition; thus the political system would be seen as illegitimate.31 But the DLP became the opposition, which did not sit well with Robinson. On the other hand, Jamadan saw the coalition as an opportunity for Indo-Trinidadians to obtain power instead of always being the opposition.32 Therefore, there were two different views about joining the coalition: first, Robinson's reluctance to share power with the DLP knowing full well that the populace would not accept sharing power with an East Indian party; and second, the DLP's willingness to share power through a coalition offering the DLP the opportunity to formulate policy instead of being an opposition party left out of the decision making process.

Ironically, the Democratic Liberation Party led by Maraj did not obtain support from the East Indian populace which had supported the Democratic Labor Party in all previous elections. Maraj was seen as a radical Hindu who alienated most middle class and professional Hindus. He tried to exploit the boycott by forming a political party to contest the election, hoping to form the new opposition.

The country was receptive to change at the time, whether it was a coalition or not, because of the general labor unrest which produced 64 strikes in 1970 compared to 9 in

29 Ibid., p. 482.
30 Ibid.
31 Ibid., p. 475.
32 Ibid.
1969, the Black power movement, and the East Indian strike in the sugar regions. The Black power leaders attempted to include East Indians in their ranks. But less than one percent of East Indians took part in the movement because of the fear of the long term goals of the movement which wanted to rid the country of capitalists, Whites and Chinese; thus the East Indians feared that they would have been next on the list.

Also, there was a failed coup attempt by the Trinidad Defence Force which was sympathetic to the growing workers' demands, and it was rumored that the National Joint Action Committee, a Black power party, colluded with the Defence Force to overthrow the government. The Defence Force, called the Regiment, was comprised of about 750 men whose function and role in Trinidad was unclear before 1970, but in the early 70s the Defence force was involved in community projects, and helped delivered fuel oil, gasoline, and sugar during the 1975 strikes. However, Williams realised that the radicalization of the Black masses was becoming a threat, and he imposed a state of emergency by decree on April 21, 1970.

33 S. Craig states that there were four main issues predominant in the Black power movement which precipitated in a huge march headed by the National Joint Action Committee (NJAC). The four issues were: Black power (the exploitation of the Black workers by the White business elite), Power to the people (the Westminster model has failed the people), Africans and Indians unite (a rallying cry which led to a march into the predominantly East Indian districts, and calling for the working class Blacks and East Indians to unite), control of the Labor movement (the rallying cry to revoke the Industrial Stabilization Act [ISA] policy of 1965 which was a policy designed to prevent strikes from occuring. An industrial court was also established to prevent conflict between workers and management). The ISA was perceived by the workers as an attempt to weaken working class rights. See S. Craig, "Background to the 1970 Confrontation in Trinidad and Tobago," in Contemporary Caribbean: A Sociological Reader Vol. 2, ed by S. Craig (Port of Spain; Trinidad, 1982), pp. 392-396.


35 S. B. MacDonald, op. cit., p. 165.

The general unrest as a result of a worsening economy, and the election boycott moved the PNM to shift to one party rule. The economic problems allowed Williams to seek help from outside the party, especially from a specific elite comprised of businessmen and public leaders which operated above and outside the party. C. D. Parris, who used the term 'interlocking directorates,' argues that from 1973-1981 the Prime Minister and his appointed political leaders within the PNM controlled many different portfolios in order that the party line be maintained. The interlocking directorship was implemented after the 1971 election and centralized decision making.

Williams also appointed five new cabinet ministers and gave up his position as Minister of Finance. Yet Williams' role was to train and supervise the new recruits to ensure that the party line was maintained. The unrest in Trinidad and the need to placate the masses' demand for less foreign ownership, caused the PNM to take active measures in the economy by buying shares in the two main industries as outlined in the third FYP. In the 1972 budget speech the new Minister of Finance, Planning and Development, G. Chambers, clearly outlined the government’s continued dependence on foreign investment and joint ventures cooperation. However, there were a few changes the government outlined such as not allowing 100 percent ownership by foreign investment, only joint venture plans. Foreign investment had to include worker-participation, transfer of skills and know-how to nationals to run the business, and

37 S. B. MacDonald, op. cit., p. 178.


40 Ibid.
Lastly the government pledged to obtain national control and ownership.\textsuperscript{41} The Minister's speech was two-fold: the first part recognized the growing disaffection by the masses against a foreign dominated economy and the need to redress the imbalance; and the second part of the speech dealt with the need to maintain foreign investment dependency.

**Third FYP 1969-1974**

In line with maintaining the dependence on foreign capital and aid, the third FYP was budgeted for $380 million TT with $140 million or 38\% of the total budget to come from abroad in the form of loans and grants.\textsuperscript{42} The budget was an attempt to redress some problem areas within the economy: high unemployment, and the need to diversify instead of being totally dependent on oil and sugar. Moreover, the PNM realized that the two major economic sectors had to be controlled, not through nationalization, but by way of purchasing shares. Thus, the PNM attempted to gain some measure of economic decision making power by buying into these sectors. Parris argues that the third FYP gave the government the opportunity to gain more control over the direction of the economy by direct intervention.\textsuperscript{43} However, Boodhoo states that although the government set out to buy shares in Tate and Lyle, it only bought shares in the subsidiaries of Tate and Lyle and not directly in Tate and Lyle itself, which did not give the government much control.\textsuperscript{44} Williams wanted economic control


\textsuperscript{42} P. Sutton, ed., *op. cit.* p. 38.


\textsuperscript{44} K. I. Boodhoo, *op. cit.*, p. 58.
but was not willing to nationalize the MNCs, hence he had to settle for the joint venture approach.\textsuperscript{45} The means by which the government in 1971 tried to gain control in the sugar industry was by acquiring a 51% share of Caroni, a subsidiary of Tate and Lyle.\textsuperscript{46}

Before independence in 1958 the government had the opportunity to buy out British Petroleum but the fear of nationalization and being labelled Socialist would have alienated Western investors. In other words, the political timing was not right. Six years after independence the government attempted to purchase British Petroleum (BP) in 1968, by acquiring shares in BP and Shell which had operated in Trinidad and Tobago for fifty years. Eventually, the government controlled 50.1% of the equity of BP and paid $44 million TT ($21 million U.S. 1970 price) but had to contract out to Tesoro Petroleum of Texas which owned and managed the other 41.9%.\textsuperscript{47} The government formed a joint ventureship with Tesoro in order to obtain management expertise to aid in the operation of the BP company.\textsuperscript{48} Shell was bought out in 1974 and became Trinidad and Tobago oil company (TRINTOC). The government was advocating more control of the main industries yet it was contracting out to foreign companies, from which the government wanted to be more independent. It is not surprising that the government had to contract out because the transfer of technology from the MNCs, which is crucial for economic independence, was not materializing. Farrell states that the MNCs refrain from training the locals to operate the plants but

\textsuperscript{45} Ibid.


\textsuperscript{48} Ibid.
only transfer bookkeeping and accounting skills, which is static transfer and not the transfer of dynamic skills. Dynamic skills consist of the technological knowledge used to operate, repair, modify and improve the machines. No matter how many joint ventures the PNM government sought, it had to depend on foreign capital to make up the deficit in the FYP. Thus financial-industrial dependence remained politically expedient.

Williams emphasized in the third FYP that foreign capital cannot be expected to meet all the needs of the country, and foreign capital makes only a lesser contribution to the internal workings of the economy. Williams was trying to down play the importance of foreign capital, and at the same time to obtain local business’ interest in the economy. At this point in Trinidad and Tobago’s history Williams was determined to use nationalistic rhetoric to extract from the MNCs as much capital accumulation as possible. Farrell states that the failure to keep the economy buoyant with foreign capital resulted in the government adopting a more nationalistic stance. Williams established a National Petroleum Company in order to gain more domestic ownership in the oil sector. Also, he made some appointments to the board of directors of the Trinidad Tesoro Company to oversee the operation of its assets in keeping with his plan of more local ownership. However, Williams did not obtain the control that he was hoping for. He obtained some measure of control within the domestic economy by taking over the


50 P. Sutton, ed., op. cit., p.32.

telecommunications, broadcasting, and banking industries and purchasing shares in several insurance companies.\textsuperscript{52} Williams was trying to gain some control over the economy by whatever means he could even if it meant some nationalization, buying shares in the two main industries and more joint ventures. He was desperate to keep a handle on the economy and his power base. Sutton sees the period from 1955-1973 as the confirmation, consolidation and corrosion of Williams' political life as the result of the dependence on oil.\textsuperscript{53} However, the dependence on the MNCs was important for the economy and the PNM; thus Williams could not have afforded to nationalize the two major sectors for fear of losing foreign capital and the masses' support. Although it was a weak attempt to control the MNCs he turned his frustrations towards the domestic business community.

Williams' failure to control the two main industries resulted in his attack, in the Third Five Year Plan budget speech given in Parliament, on the lack of local entrepreneurs and expertise:

"Thus the main barrier to a more autonomous national economy in Trinidad and Tobago is certainly not savings. In any event, our per capita income is very high by the standards of the countries of the Third World . . . . The real barrier seems to be a lack of entrepreneurship and dynamism which derive from lack of experience in directing enterprises in the modern economy and from lack of self-confidence in our ability to launch out successfully and operate such enterprises".\textsuperscript{54}

Williams blamed the lack of expertise for the lack of growth, and not the government's inability to deliver what was promised in the FYP, nor the failure of financial-industrial policy to deliver economic prosperity. Furthermore, the government's reliance on the

\textsuperscript{52} J. M. Sandoval, \textit{op. cit.}, p. 256.


\textsuperscript{54} P. Sutton, ed., \textit{op. cit.}, p. 33.
oil MNCs to transfer technology and skills to the locals increased dependence on MNCs for employment and investment. The end result was dependence on the MNCs or foreign investment to maintain economic growth. Moreover, the attempted nationalization of the oil MNCs was a failure because there was a lack of experts to deal with the petroleum industry. Therefore, Williams accepted the dependency on foreign investment, with less emphasis on import substitution because of the small domestic market, and the problems associated with attempts to nationalize such as low quality production, and the weak export capabilities. Rampersad, Permanent Secretary in the Ministry of Finance, acknowledged the control of the economy by foreigners, and blamed the lack of local businesses on colonialism. However, he argued that more export industrial dependence was needed because of the local market's inability to absorb production.

As a result, the second and third FYP were developed to accommodate financial-industrial dependence. However, when the desired capital was not forthcoming the government proceeded to nationalize some aspects of the domestic economy and establish joint ventures, which did not produce the hoped for over abundance of revenue nor the markets for employment. It was not until 1973, when the oil prices increased because of OPEC, that the government's revenue increased, although Trinidad was not a member of OPEC, thus enabling the PNM government to resolve its problems, and to forego a fourth FYP. Sutton states that a fourth FYP was prepared but not adopted when it became apparent that the oil boom revenue was the solution to

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56 P. Sutton, ed., op. cit., p. 35.

57 F. Rampersad, "The Economy" in Patterns of Progress: Trinidad Ten Years of Independence (Trinidad, 1972), p. 28.
planning ahead. It seems that the oil revenues provided Williams with the opportunity to proceed with whatever plans were needed for Trinidad. Before the oil boom the government had to budget its scarce capital to meet the demands of the economy; however, the oil boom provided enough capital that the government did not need a planned budget. In other words there was no scarcity of capital. Moreover, the oil revenue provided the government with enough capital to attract MNCs, and deepen the MNC dependency phase.

The Oil Boom Period 1973-1976

The Arab oil embargo from November to December 1973 quadrupled the world oil price. Hence Trinidad's success came about as a direct result of OPEC's increase in the world price of oil and the general dependence on oil MNC's. Sandoval argues that foreign capital from the MNCs assisted in the boom in the energy-based industries. Without the oil boom and the energy based MNCs the government would not have had the revenue to develop and attract more foreign investment.

The government, observing the increase in oil revenues, decided to use the oil revenue to boost the economy and at the same time to forego the implementation of a fourth FYP. The increase in oil revenue gave the government the opportunity to improve the unemployment situation by hiring 100,000 people, of which 80,000 were placed in the public service and the other 20,000 in the commercial and industrial

58 P. Sutton, op. cit., p. 49.


60 J. M. Sandoval, op. cit., p. 256.

61 P. Sutton, op. cit., p. 49.
activities in which the government participated. As a result the government became the main employer, and used its new oil wealth to invest in more joint venture schemes. Mandel states that between 1973 and 1974 the huge foreign reserves from the oil bonanza gave the government the ability to attract foreign investors. Lamb argues that the state used its oil revenues to buy into transnational enterprises on behalf of the local bourgeoisie, for development purposes and to integrate into the North American market by direct investments in joint ventures.

For Williams the oil revenues created the perfect opportunity to develop the local economy, for example: the energy-based industrialization sector obtained an infusion of capital, national ownership through joint venture schemes was sought after, and domestic relief through subsidies was granted. In the energy sector an Energy Secretariat was established and a range of joint ventures were sought in the following areas: petrochemicals, an ammonia plant, an aluminum smelter, an iron plant, and fertilizer plants. These projects were to be joint ventures with the government holding between 51% and 34% of interest in the projects. National ownership was one of the government's objectives in attempting to acquire a stake in Texaco, which did not materialize; however, in 1975 the government acquired the remaining shares of the Caroni subsidiary of Tate and Lyle which became the property of the Trinidadian government. Domestically, the government established three forms of relief, first, by

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62 Ibid.


65 P. Sutton, ed., op. cit., p. 52.

66 Ibid., p. 53.
providing subsidies in food, agriculture and fisheries, welfare, utilities, and petroleum which amounted to TT$ 492 million. Secondly, it reduced taxes on income, motor vehicles, and motoring, purchases and land transfers. Lastly programmes were expanded to create employment.\textsuperscript{67} Worrell\textsuperscript{68} observes that the government started to spend the oil revenue in the domestic economy by lessening the tax burden. The government was determined to use its oil revenue to stimulate the economy, and in the process it became the main economic provider for its citizens. The increased oil revenues provided the government with the opportunity to establish a capital development fund for investment in other related export production sectors.\textsuperscript{69} The capital development fund was designed to earn foreign exchange by assisting large scale enterprises.\textsuperscript{70} In other words, the capital development fund was to support the dependent capitalist export driven economy to enhance capital accumulation.

Further increases in oil revenue took place when the American Oil Company’s, off-shore oil fields started to produce oil, which at the time was taxed at U.S. $0.50 per barrel. However, in 1973 the price of oil went up to U.S. $4.69 per barrel and finally on January 1st, 1974 the tax royalty doubled.\textsuperscript{71} The government’s revenue rose considerably during the oil crisis (a crisis for some but a boom for Trinidad and Tobago): the total in 1973 was TT$ 591.2 million, in 1974 it was TT$ 1397.7 million and by 1978 it was TT$ 3, 226 million.\textsuperscript{72} Significantly, the oil revenues not only

\textsuperscript{67} Ibid.
\textsuperscript{69} Ibid., p. 153.
\textsuperscript{70} Ibid., p. 154.
\textsuperscript{71} P. Sutton, \textit{op. cit.}, p. 50.
\textsuperscript{72} Ibid.
provided the government with funds to create employment and to seek joint ventures but the revenues improved the balance of trade deficit. The government balance on its external trade was in the red from 1972 to 1973 of TT $360 million and TT$ 230 million; however by 1974 the government had a favorable balance of trade worth TT$ 340 million which rose to one billion TT$ in 1977. In other words, the oil revenues paid off Trinidad's deficit. From 1974 to 1976 the government was awash in oil revenue. In a speech on Independence Day 1974 Williams stated the significance of the oil crisis:

"In our case oil means (a) a large number of additional permanent jobs through downstream petroleum operations or new industries based on petroleum, (b) greater national ownership of our national resources meaning specifically greater national decision-making and local utilization and diversification of products which we formerly exported, (c) larger allocations for our domestic services, (d) more rapid progress towards Caribbean integration, to supplement our own domestic efforts at greater self-sufficiency." 74

Williams knew that oil was the answer for Trinidad and Tobago. The world oil crisis came at an opportune time for the PNM party. The financial-industrial dependent economy was doing what he had expected, creating capital accumulation, and attracting more MNCs into the domestic economy. (This will be explored in chapter four). Also the oil crisis enhanced the PNM's popularity and ensured the PNM's success in the 1976 and 1981 elections. Table 3-3 shows the amount of current revenue and current expenditure from 1951 to 1980. From the table it becomes obvious that the government used its oil revenue to keep the economy afloat. In the year 1973, when the oil increase took off, the GDP rose to TT$ 2,554.7 million, current revenue was TT$ 493.9 million, current expenditure was TT$ 476.3 million, and the current surplus was TT$ 17.6. Thus GDP growth due to oil revenue allowed the government to invest in

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73 G. Lamb, op. cit., p. 66.
74 P. Sutton, ed., op. cit., p. 76.
the local economy through joint ventures and foreign investment. Stone indicates that the Trinidad government spent in 1955 10% of its GDP in consumption and expenditures; in 1977 the government spent 14% of its GDP; and in 1978 the total government spending as a percentage of its GDP was 45%.75 The government used its oil revenue to acquire joint ventures with foreign companies hoping that the joint venture schemes would provide for further economic development. Mandel states: "Its petroleum wealth positioned it better than any other country in the region to offer terms which would attract foreign investment and advance the strategy of dependent development."76 Williams was not lessening the dependency on foreign companies but rather increasing it. However, the oil revenue gave Williams the opportunity to deepen the dependency on his own terms by deciding which aspect of the economy needed developing.


<table>
<thead>
<tr>
<th>Year</th>
<th>GDP</th>
<th>Current revenue</th>
<th>Current expenditure</th>
<th>Current surplus</th>
</tr>
</thead>
<tbody>
<tr>
<td>1951</td>
<td>308.3</td>
<td>62.6</td>
<td>49.6</td>
<td>13.0</td>
</tr>
<tr>
<td>1960</td>
<td>865.9</td>
<td>138.2</td>
<td>100.9</td>
<td>37.3</td>
</tr>
<tr>
<td>1970</td>
<td>1,630.9</td>
<td>324.2</td>
<td>273.2</td>
<td>51.0</td>
</tr>
<tr>
<td>1971</td>
<td>1,796.3</td>
<td>355.9</td>
<td>340.6</td>
<td>15.3</td>
</tr>
<tr>
<td>1972</td>
<td>2,039.4</td>
<td>413.8</td>
<td>408.7</td>
<td>5.1</td>
</tr>
<tr>
<td>1973</td>
<td>2,554.7</td>
<td>493.9</td>
<td>476.3</td>
<td>17.6</td>
</tr>
<tr>
<td>1974</td>
<td>4,101.5</td>
<td>1,306.9</td>
<td>637.6</td>
<td>669.3</td>
</tr>
<tr>
<td>1975</td>
<td>5,496.7</td>
<td>1,816.0</td>
<td>773.3</td>
<td>1,042.7</td>
</tr>
<tr>
<td>1976</td>
<td>6,502.3</td>
<td>2,302.6</td>
<td>979.1</td>
<td>1,323.5</td>
</tr>
<tr>
<td>1977</td>
<td>8,552.2</td>
<td>2,981.0</td>
<td>1,162.9</td>
<td>1,094.0</td>
</tr>
<tr>
<td>1978</td>
<td>9,501.6</td>
<td>3,083.2</td>
<td>1,483.0</td>
<td>1,600.2</td>
</tr>
<tr>
<td>1979</td>
<td>11,499.7</td>
<td>4,037.0</td>
<td>2,247.5</td>
<td>1,789.0</td>
</tr>
<tr>
<td>1980</td>
<td>14,081.9</td>
<td>6,179.4</td>
<td>2,818.9</td>
<td>3,360.5</td>
</tr>
</tbody>
</table>

Source: Review of the Economy 1980
Conclusion

The associated dependent link was crucial for the government in maintaining financial-industrial dependency for capital accumulation. The appointing of ministers with double portfolios and the buying of shares in the two main economic sectors allowed the government to be part of the capital accumulation process instead of not being involved. Thus, the internal and the external factors of Trinidad and Tobago's economic development from 1966 to 1971 produced the conditions for further financial-industrial dependency. The need to establish the link with foreign interests indicated that the PNM was not against foreign control as long as the country was benefiting from MNCs management. Internally, the 1966 and 1971 elections and the second and third FYPs were closely interrelated for several reasons: firstly, the PNM had the mandate to follow whatever policy it pleased and attempted to control the two major economic sectors through joint ventures and by the acquisition of shares; secondly, the FYPs were consistent with the PNM's dependent economic policy and, lastly, there was no effective opposition. These factors made the PNM governance easier; however, the 1970 Black power movement caused much strife for the government, forcing it to address the general concern that the domestic economy was controlled by foreigners. The government's proposals consisted of purchasing shares, seeking joint ventures, not allowing foreigners to own land, and asking the foreign companies to train the locals in the necessary skills to operate the companies. However, these measures did not lessen financial-industrial dependence, which further allowed MNCs to penetrate the domestic economy. Thus externally the economic dependency on the MNCs was a factor that the PNM could not ignore, and which it maintained for capital accumulation, although it was the economic dependency that caused the unrest in 1970. The government tried to balance the foreign dominated
economy with measures of joint ownership hoping that joint ventures would stimulate the domestic sector.

The internal political situation made it easier for the government to maintain the external dependency on MNCs by holding on to power. Moreover, the DLP was not a threat to the financial-industrial dependency relationship because the majority of East Indians were dependent on the sugar sector controlled by Tate and Lyle. Thus the DLP could not afford to oppose the financial-industrial dependence policy adopted by the PNM. Moreover, the DLP, as the opposition, failed to win votes from the Black middle and working classes, because of ethnic polarization between the Hindu East Indians and the Blacks. Thus the DLP was reduced to boycotting parliament and the 1971 election, hoping that the PNM would not have the mandate to carry out its policies because of a lack of legitimacy through parliamentary proceedings. The DLP also tried unsuccessfully to form a coalition with A.N.R. Robinson.

The uncontested election created a one party state and allowed Williams the opportunity to pursue his FYPs. While Williams was consolidating his political power the world oil crisis came at an opportune time and provided revenues from 1973 to 1980 boosting Trinidad's economy with capital, which the government used to attract joint venture schemes with foreign companies thus creating an atmosphere conducive for foreign investment. Also during this time the government attempted to control the two main economic sectors by purchasing shares in them.

Williams' policies laid out in the FYPs stressed the need to maintain the dependent capitalist export economy by relying on foreign investment and aid to stimulate the economy. Thus the internal and the external balance was maintained to produce capital accumulation for the government. With the oil crisis government revenues increased enormously, as did the government's role in the economy. Moreover, the government's increased expenditure in the economy made it possible for the the third FYP objectives to be met.
The oil revenues provided the government with capital, and allowed the government to forego the implementation of a fourth FYP. The government became over confident and felt no need for a fourth budget since it had acquired oil revenue. Before the oil crisis foreign aid and borrowing were included in the FYPs to generate economic development, but not foreign investment. Foreign investment is difficult to plan due to the frequent shifts in supply and demand for world commodities that most foreign investors closely watch. However, the oil crisis in 1973 provided capital for the PNM, and made Trinidad and Tobago an attractive economy to invest in as long as the government accepted the foreign interests as agents of economic growth. The government wanted some form of economic control, and one means of obtaining control, short of nationalization, was to exploit the oil revenue to attract more foreign investors through joint ventures and the purchasing of shares in the existing foreign MNCs. Thus the government perceived that it was gaining some form of control when in fact the PNM was attracting more MNCs, which lessened its chances of control over the economy. Chapter four explores the extensive MNC dependence in Trinidad as a result of Williams' acceptance of further foreign investment to boost his capital accumulation projects.
CHAPTER IV


Introduction

The last phase of Dos Santos' dependency model (new dependency) can be seen taking place in the Trinidad and Tobago's economy with an influx of MNCs'. The new dependency phase was conditioned by the financial-industrial dependency phase and assisted by the government's associated dependent link with foreign interests. The new dependency phase was further assisted by the oil boom capital that the government used to attract MNCs. Thus, the shift from financial-industrial dependence to MNC dependence was assisted by the PNM's reliance on foreign capital as a significant factor in promoting dependent export development for capital accumulation. Domestic politics from 1976 to 1981 under the PNM's rule allowed for further MNC domination within the dependent export economy.

The 1976-1981 period saw the PNM holding on to the reins of power. The PNM won convincingly the fifth and sixth elections on the wave of the oil boom. The oil boom played a crucial role in increasing the GDP\(^1\) thus providing capital to attract MNCs and joint ventures for further dependent economic development. The PNM's ability to attract MNCs and joint ventureships was the result of its alliance with financial-industrial capital which opened the door for MNC penetration. The internal

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\(^1\) Between 1974-1982 the oil boom and construction activity saw the GDP in Trinidad and Tobago grow to a factor of 5, that is TT\$ 4,000 million to over TT\$ 19,000 million; also per capita incomes grew from TT\$ 3,937 to TT\$ 19,682. See C. Y. Thomas, The Poor and the Powerless: Economic Policy and Change in the Caribbean (London, 1988), p. 287.
and external dependency relationships were played out in the last phase of the PNM's rule attracting a host of foreign companies for capital accumulation. The PNM's attempts to manage its two main industries by buying into the Tate and Lyle subsidiary Caroni and by obtaining shares within the oil industry, and by establishing its own oil industry, did not lessen the impact of MNC penetration.

Other areas of the economy that benefited from the oil boom were the four domestically established companies: Neal and Massy, McEnearny, Geddes Grant, and Kirpalanis. Neal & Massy is a merger of two companies, which forged an alliance in 1923, and produces British and American-made automobiles, and imports agricultural and industrial products. McEnearny is an automobile assembly plant of mainly British cars and an importer of industrial and agricultural machinery. Geddes Grant started operations in 1917 and is a building and construction contracting business. Kirpalanis is a family owned chain of retail stores which has expanded into department stores. These four companies' sales increased as a result of the oil boom. Also, the foreign banks, mainly Canadian, benefited from the inflow of foreign investment. Lastly, foreign aid and loans, which is a form of foreign investment from a foreign government instead of from a private company's investment, played a small role in assisting Trinidad and Tobago in private enterprise schemes (U.S.) and infrastructural development (Canadian). Another important difference between aid, loans and foreign investment is that the aid and loans are conditional and must be repaid at a set date. On the other hand, foreign investment is dependent on government tax breaks, and incentive programs to promote capital accumulation. Thus the oil boom in 1973, the PNM's initiative to accommodate foreign capital and the acceptance of MNC penetration for capital accumulation enhanced the PNM's chances of permanent political control.

This chapter attempts to explain the significance of the 1976 and 1981 elections and the PNM's dependency associated link with MNCs, hence the new dependency phase.
Also, both elections provided the PNM with the control it needed to continue the dependence on foreign capital and MNC penetration as agents for economic development.

The 1976 Election and The State of The Economy

The 1976 election saw the United Labor Front (ULF), an amalgamation of three unions, merging and posing a threat to the PNM. The creation of the ULF began when the Oil Workers' Trade Union met with the All-Trinidad Sugar Estates and Factory Workers' Trade Union and the Trinidad Islandwide Cane Farmers on February 8, 1975 to discuss possible support for the sugar workers' strike against Caroni Ltd as a symbolic recognition of workers' solidarity.\(^2\) The amalgamation consisted of the All Trinidad Sugar Estates and General Workers Union led by B. Panday, the Oilfield Workers Trade Union led by G. Weeks, and Trinidad Island-wide Canefarmers Trade Union led by R. Shah. However, the majority of the ULF voters were East Indians and the ULF preached that class struggle would prevail over race. The use of class struggle as a campaign slogan to unite the Black and East Indian workers to support the ULF party was unsuccessful, because race always played a significant factor in all the elections. Although Panday and Weeks tried at the time to defend their political position by stating that the party was for the working class and was not communist inspired\(^3\) this attempt was to no avail. The ULF preached that the working class must gain an equal share in the economy, that nationalization would solve the unemployment problems and that the PNM was a defender of capitalist interest, not the workers'AV


interests. However, the ULF approach failed to attract Black middle class support because of their opposition to capitalism. Furthermore, the ULF advocated the reorientation of the economy as an alternative to the PNM's capitalist economy. The ULF's position demanded national land reform, more control of the economy, the elimination of foreign ownership, the nationalization of foreign corporations including the MNCs' branches in oil, petrochemicals, construction, banking and insurance, and more worker's participation in management.

The ULF's political platform was drastically different from the PNM's and the ULF was the only party which offered a Marxist approach. Thus ULF was branded as a radical and communist-inspired party. The ULF position, in this writer's opinion, offered a totally different approach to solve Trinidad and Tobago's economic problems; however, the ULF approach was not attractive to Trinidad's political culture which has been imbued with capitalism and oil wealth. In fact, the ULF nationalization slogan worked against the party because the PNM capitalized on public fears of communism. The PNM and the DLP waged a fear campaign charging that the ULF was communist and atheist. The fear campaign worked, fuelled by the local press stating that the ULF was receiving communist funds. This rumor indicated to the business, professional, and middle class East Indians that the ULF could not be trusted to maintain a capitalist economy. The alternative the ULF offered, from the PNM's continued export

4 Ibid., p. 16.
5 S. B. MacDonald, op. cit., p. 181.
7 S. B. MacDonald, op. cit., p. 182.
8 S. Ryan, loc. cit., p. 16.
9 S. B. MacDonald, op. cit., p. 182.
dependent capitalist economy, alienated the professional middle class East Indians who benefited from the PNM's policy. As a result, the ULF polarized the East Indian votes between the middle class and the working class sugar-cane workers.

The ULF's class struggle approach as an attempt to unite the working classes regardless of ethnicity was to no avail. The ULF's main support was from the working class East Indians from the sugar region. On the other hand, the Blacks' attitude towards the ULF was based on the media's perception that the ULF was a communist party. The election results indicated that the anti-communist fears worked against the ULF which received only ten seats, while the PNM obtained twenty-four, and the DAC received its traditional two seats in Tobago. It appears that the ethnic division and class tend to work against any party that opposes the prevailing export dependent capitalist oriented economy. It was clear that Trinidadians were not ready for change since the oil boom created a false sense of continued economic prosperity; thus enhancing the PNM's approach as the right policy for capitalist growth. Moreover, the PNM was spending its oil revenue to further boost the domestic economy, which gave the PNM the credibility it needed to win the fifth consecutive election. The ULF's strategy to use the class struggle approach to dislodge the PNM failed because its negative image and the economic oil boom made the ULF's chances of winning the 1976 election doubtful. The ULF's strategy for the 1981 election was to form a coalition.

The 1981 Election

The death of Williams, the founder of the PNM and Prime Minister for twenty-five years, in March 1981, brought some hope to the political parties vying for power and an opportunity to replace the PNM party. Williams' death was perceived to be the end of the PNM government but the opposition did not realize how difficult it would be to
dislodge the PNM from office especially when the economy was on the upswing as a result of the world oil crisis. The government's revenues rose to US$1.58 billion in 1980 and its foreign reserves rose to US$2.7 billion in early 1981. The PNM's image had eroded over the years but Williams had the opportunity to rebuild the party's image with the oil capital. Some of the problems that the PNM was facing at the time stemmed from the PNM losing most of its control in Tobago to the DAC party led by A.N.R. Robinson which gained 15 seats in the November, 1980 election for the Tobago House of Assembly. The DAC led by Robinson wanted self-government for Tobago. Another problem facing the PNM was charges of corruption. Many Trinidadians believed that persons close to Williams were involved in corruption, and that Williams was protecting them. However, the PNM's image was not seriously affected since the oil economy was booming.

Williams' death did not create the political vacuum expected. George Chambers succeeded Williams and ran a well organized campaign in the November, 1981. Chambers provided the continuation of Williams' economic policies whereby the middle class, professionals, businessmen and foreign investors were not threatened. Chambers' former portfolios included Minister of Public Utilities and Minister of Finance. As Minister of Finance Chambers was best qualified to succeed Williams and to lead the party. Sutton states that:

10 Ibid., pp. 195-196.

11 Ibid., p. 196.


"Chambers was one of these-[a select Cabinet of eight that supported Williams' views] and, indeed, had perhaps the greatest experience within the Cabinet of matters directly relating to finance. . . Chambers could deliver. . not only because he was close to the party stalwart in the sense of being the self-educated man of lower middle-class origins, but also because he was thought to be loyal to Williams' memory."\textsuperscript{15}

At the time the PNM was changing their leader, the opposition was having problems of their own.

The ULF was experiencing a split within the party ranks. Basdeo Panday, who was considered a moderate, was opposed by R. Shah, the leader of the radical wing of the party, and his supporters. Panday wanted to capture power through the democratic process, while Shah and his supporters wanted to capture power through violence.\textsuperscript{16}

The split in the ULF and the burning desire to replace the PNM resulted in a coalition being formed with Tapia House, a party of intellectuals, and the DAC Tobago party led by A.N.R. Robinson. The coalition was called the National Alliance. The coalition did not select a leader for fear of alienating the Blacks or the East Indian voters. The coalition was more symbolic with a common theme (National Alliance) rather than a union of three parties. Besides the National Alliance, there was a new party named the Organization for National Reconstruction (ONR) led by Karl Hudson-Phillips, a PNM defector. The ONR was expected to defeat the PNM in the upcoming election but was portrayed as a right wing reactionary party by the PNM.\textsuperscript{17} However, the election resulted in the PNM taking twenty-six seats, the ULF eight seats, and DAC two. The ONR and Tapia did not win any seats. The voter turnout was 54.7%.\textsuperscript{18} The reasons


\textsuperscript{17} S. B. MacDonald, \textit{op. cit.}, P. 205.

\textsuperscript{18} Ibid.
for the PNM's sixth general election victory were: the buoyant economy, the improved standard of living, the perceived leftist threat of the ULF and the so-called right-wing threat of the ONR.19

The 1976 and 1981 elections were democratic, with the opposition participating and determined to replace the PNM. In other words, there was a clear choice for the voters, in contrast to the 1971 election which the opposition boycotted in an attempt to discredit the results. The opposition's boycott had created a one-party state, which was not the fault of the PNM. However, in 1976 the United Labor Front (ULF), which was formed in March 1976, replaced the DLP as the official opposition. For the first time after many years of acceptance of the dependent economy the opposition party (ULF) advocated a different political agenda. Thus, the political scene during the 1976 election offered the working class a clear choice between the PNM and the ULF's policies. However, the ULF's bold stand for the working class was perceived as communist, and the timing for change was wrong because of the booming economy.

Table 3-3 in chapter three indicates that the government's spending increased as a result of the oil revenue, which made it difficult for the ULF to challenge the PNM on the basis of economic mismanagement. Hence the ULF was perceived as a threat to a buoyant economy, and the life styles that Trinidadians had become accustomed to. Similarly, the 1981 election offered a variety of political choices between the ULF, ONR, and the PNM. The ONR's position was to clean up the corruption and set things right, while the ULF position was to aid the working classes neglected by the PNM over the years. The fact that the ULF did not win the 1981 election can be seen as a result of the smear campaign against it, branding it as communist and the thought of an East Indian leader ruling Trinidad did not sit well with most Trinidadians. Furthermore, the ONR defeat (with 21% of the popular vote it did not win a single

19 Ibid., pp. 204-206.
(seat), can be attributed in part to the fear roused by the PNM's propaganda accusing it of being a right wing reactionary political party. Also the single member plurality method of distributing seats based on majority votes affected the ONR chances of gaining a seat in the parliament.

Consequently, race, ideology and the oil wealth dominated the 1976 and 1981 elections. The opposition lost the elections giving the PNM, without Williams in 1981, the mandate to govern and manage an export dependent capitalist economy. Thus a booming economy dependent on oil, and joint ventures linked with foreign investment, brought material rewards for the middle and lower classes, and an election victory for the PNM. However, race was also an issue when choosing a leader for Trinidad, because of the fear of the ULF and the mistrust of an East Indian leader. Still, the dominant factor in the PNM maintaining its political control was a direct result of the structural dependent capitalist economy, the alliance with the MNCs, and the rewards the dependence relationship offered for the time being through direct foreign investment and MNC penetration in Trinidad. The extent of direct foreign investment penetration in Trinidad involved the linking up with private and international capital. Cardoso refers to the link as associate dependency, which is an alliance between the state and foreign interest for capital accumulation.

The Extent of MNC Control in The Oil and Sugar Sectors

Since the industrialization by invitation approach (financial-industrial dependence) adopted by Williams during the 50s and 60s the PNM has been attempting to gain more

20 Ibid., p. 205.

access to capital accumulation by nationalization and joint venture schemes. The oil boom in 1973 created a flood of capital for the PNM government to use to attract foreign investment to further enhance GNP growth. Foreign direct investment was always conceived of as a development resource, with the foreign investors acting as agents to foster economic development. The PNM's policy of attracting foreign investment to promote economic development created a flood of foreign investment throughout the economy, especially U.S. investment. Some of the major foreign investments began in the oil sector.

There were in 1980 seven oil companies in Trinidad, four foreign, one joint venture, one government-owned and a consortium of three oil companies. The four foreign oil companies are: Amoco, Texaco Trinidad, Premier Consolidated Oilfields, and Occidental of Trinidad.

Amoco is an American subsidiary of Standard Oil of Indiana. Amoco produces off-shore oil and gas on the Eastern Coast of Trinidad. The company entered Trinidad in 1961 as Pan American Oil. Amoco exports 95% of its crude outside of Trinidad because the domestic refineries lack the capacity to refine high quality, low-sulphur crude from the East Coast. The second foreign oil company, Texaco Trinidad, is a subsidiary of Texaco Corporation of the U.S.. Texaco entered Trinidad in 1956 acquiring Trinidad Oil Company, which was Trinidad Leasehold Limited.

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has two refining plants in Trinidad and does the majority of crude refining there. However, the majority of crude oil for the refineries is imported from Saudi Arabia, which accounts for 50.2% of imported crude on average, and there are also some crude imports from Iran and Indonesia. The two lesser known companies are Premier Consolidated Oilfields, which is a small British company, and Occidental of Trinidad. Occidental is a small independent US oil company, which is sometimes refer to as Oxy. The joint venture company between the Government and Tesoro Petroleum of Texas is called Trinidad-Tesoro, and produces oil and gas. The government owns 51% and Tesoro owns 49%. Tesoro obtained the holdings of British Petroleum in 1969, when the government realized that it could not operate the company and sought outside help by forming a joint venture with Tesoro.

The government controls and operates one oil company called Trintoc, which is a small land and off-shore oil producer. However, the company does mainly refinery work. The government acquired Trintoc from Shell in 1974, but had to hire technical assistants from Tesoro to help run the company after years of neglect by Shell. Lastly, the consortium of three oil companies Amoco, Trinidad-Tesoro, and Trintoc named Trinmar produces oil and gas.

The government controlled one oil company as of 1981, and had a major share in Trinidad-Tesoro, but still lacked major control in oil production. Thus there is a total reliance on the two foreign owned major oil companies, Amoco (Standard Oil of Indiana) and Texaco. The government complies with the oil MNC's decision making in order to maintain the revenue it receives from the MNCs. Thus the acceptance of the

26 J. A. Braveboy-Wagner, op. cit., p. 628.


oil MNCs as the provider of capital led to three conditions: i. MNCs controlled and operated the oil industry for seventy years; ii. the refining, marketing, production, and exploration of oil in Trinidad became integrated into the global system by the oil MNCs for their own interest; iii. by-products such as chemicals, pharmaceuticals, and synthetic rubber production were not developed by the MNCs in Trinidad.29 Had the government demanded more from the MNCs it could have benefited the industrial diversification plan and established new productive sectors. However, the government was content with the oil revenues provided by the MNCs. The sugar industry, the second main industrial sector, was in much the same situation as the oil industry.

Tate and Lyle, a British corporation, entered Trinidad in 1938 and eventually became the main producer and controller of sugar. By 1967 90,000 acres of land were under sugar production, and 72,000 acres were in the hands of Caroni, a subsidiary of Tate and Lyle.30 In 1971 the government acquired a 51% share in Caroni. In 1976 Tate and Lyle sold its remaining shares which gave control of sugar production to the PNM, but Tate and Lyle maintained control of the technical, advisory and marketing services.31 Barry et al state that the drop in the world markets for sugar and the risky nature of sugar production led Tate and Lyle to sell its remaining shares.32 Thus Tate and Lyle saved millions of dollars of investment capital. However, Tate and Lyle maintained control of the management and marketing role of the company, and the amount of sugar production, which is the determining factor for capital accumulation.


31 Barry et al., op. cit., p. 367.

32 Ibid.
However, Tate and Lyle is not the only player in the marketing of Trinidad's sugar. The U.S. sets the quota on the amount of sugar imported to the U.S. from the Caribbean, and the Lome Convention\textsuperscript{33} sets the price on all Commonwealth Caribbean sugar entering the European Community. The price of sugar is determined by the amount of demand and supply on the world market, which affects the price of sugar and the cost of producing the sugar. Thus Tate and Lyle complies with the Lome Convention arrangements and sells Trinidad and Tobago's sugar according to the price structure set by the Lome Convention to maximize its profits. In 1977 the U.S. imported $ US 569.3 million of sugar from the Caribbean and Latin America, and from Trinidad the U.S. imports amounted to $ US 9.4 million or 1.6% of Trinidad and Tobago's imports.\textsuperscript{34}

The control by Caroni of shipping and marketing does not mean that Trinidad reaps the majority of capital accumulation because production, marketing, shipping and price control are not in the hands of the PNM government. In other words, dependence does not end with government ownership when the market value of sugar is determined from abroad; thus the workers are at the mercy of the international market and the company's foreign controlling interest. Moreover, the oil and the sugar industrial sectors are not the only foreign dominated industries in Trinidad. The whole domestic economy is foreign dominated as a result of the PNM's policy based on foreign investment and MNC penetration to promote economic development. Thus foreign investment and MNC dependence complement each other because without the financial-industrial dependence policy MNC dependence would not have been possible.

\textsuperscript{33} The Lome Convention includes an arrangement by European countries to purchase sugar from all their former colonies; however, the European countries determine the price of the sugar, which is sometimes lower than world prices. See Barry et al. \textit{op. cit.}, p. 32.

The Domestic Dependent Economy on MNCs

The domestic dependent economy is supported by an influx of MNCs. The MNC penetration includes, for example, Borden and Switzerland's Nestle, which have affiliates in the dairy and milk sector; three U.S. firms controlling the feed and grain milling industry (Central Soya, International Multifood, and Pillsbury); Unilever (U.K./Netherlands); Cannings Food (U.S.); Nabisco Brands (U.S.) in the food processing industry; and Guinness (U.K.), Heineken (Netherlands) and Pepsi Co (U.S.) the drink and bottle manufacturers.35 Also IBM, 3M, Xerox, and Singer Sewing Machine have distribution operations in Trinidad.36 Westinghouse, GTE, Digital, Maidenform, and Manhattan industries, and three fertilizer industries, Amoco, WR Grace, and Williams Companies' Agrico, also operate in Trinidad.37 These U.S. companies and other foreign companies are in Trinidad because of the government's agenda to use the oil revenue to attract foreign investment as a way of diversifying the economy, which only further deepens the economic dependence on MNCs.

The extent of all foreign and all U.S. direct investment in Trinidad and Tobago in terms of dollars between 1969-1974 period was U.S. $549.0 million, or 74.4% of all foreign capital assets; however, during the 1966-1976 period U.S. direct investment in Trinidad and Tobago by itself amounted to U.S. $713 million.38 C. M. Jonnard states that political and economic stability provided a favorable climate for foreign private

35 Barry et al., op. cit., p. 367.
36 Ibid., p. 369.
37 Ibid., p. 369-370.
investment. By this he means that by maintaining a capitalist economy the PNM assured the middle and professional classes that foreign interests were accepted thus enhancing political and economic stability. However, the enormous U.S. foreign investment only deepened the dependence on the U.S. MNCs.

The maintaining of an open economy by the PNM was the building block to promote U.S. interests in the region. In other words, the U.S. MNCs and the PNM's interests were similar, that is, the exploitation of resources for export development. Thus dependency on U.S. foreign investment, and petro-dollars, were factors for promoting economic development.

However, direct foreign investment does not guarantee reinvestment of capital in the domestic economy. Direct foreign investment may provide short term employment and capital but if there is no reinvestment of the MNCs' profits into the domestic economy, then foreign investment becomes a short term stabilizing measure, not a long term growth measure. McIntyre and Watson state that foreign investment may provide access to a new source of savings for the government but it only reinforces dependency. Hence foreign investment is a source of limited dependent potential growth. The short term growth of foreign investment provides some economic growth in the form of employment and foreign revenue. However, short term growth results are conditioned on the government alliance with foreign investment, and the type of resources a country has to offer (oil, minerals, agriculture, or cheap labor) for exploitation.

Short term foreign investment in Trinidad between 1973 and 1977, the oil boom


period, provided a total of $ U.S. 562 million inflow but 200% of the inflow left Trinidad as profits.41 The oil boom period did provide short term foreign revenue but a significant amount was expatriated. The U.N. Center for Transnational Corporations lists the average annual inflow of Foreign Direct Investment (F.D.I) from 1975-1980 as $U.S. 119.3 million, while the average outflow of F.D.I. profits was $U.S.249.742 These figures indicate that foreign investment profits are not generally reinvested back into the domestic economy, which further deepens the economic dependence because more foreign investment is needed to make up for the lost foreign revenue leaving the country. The reason for lost foreign revenue is based on the principle that resource exploitation by foreign companies is for profits to be remitted. If a certain percentage of profits was required to be reinvested back in the domestic economy, then further economic development would be possible. Therefore, the solution becomes a political one because the free market philosophy does not guarantee economic development for all classes. Governments must devise ways of allowing foreign capital to be reinvested back into the sector of the domestic economy that needs economic development. Although political solution of reinvestment of profits into depressed areas is not an economic panacea, foreign investors should not be allowed to deplete a country's resources for profit without being responsible for the depletion. Nevertheless, Williams believed that it was politically expedient to allow the domestic economy to be inundated with MNCs to promote economic development.

Allowing the dependence on MNCs to permeate throughout the domestic economy satisfied the middle classes, and brought economic stability. Also the increase in MNC


activities as a result of the oil revenues provided the government with the means to further attract potential investors to exploit the domestic economy, and made it unnecessary for the government to produce a fourth FYP. The domestic economy reaped some degree of benefits that MNCs and foreign investment provided.

The export dependent economy also affected the four established domestic companies: Neal & Massy Group, McEnearney Alstons Group, Geddes Grant Group, and Kirpalanis Group. These four established companies, which all started operations in Trinidad in the early 1900s, reaped the benefits from the oil boom and dependence on foreign investment. Table 4-1 indicates the extent of the four companies’ sales growth from the pinnacle years of the oil boom.

Table 4-1 Trinidad and Tobago total sales and their relation to GDP* of four selected economic groups (in '000 TT$)

<table>
<thead>
<tr>
<th>Group</th>
<th>1979 Sales# (%)</th>
<th>1980 Sales/GDP*</th>
<th>1981 Sales# (%)</th>
<th>1981 Sales/GDP*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Neal &amp; Massy</td>
<td>662.9</td>
<td>6.02</td>
<td>824.5</td>
<td>5.91</td>
</tr>
<tr>
<td>McEnearney</td>
<td>522.0</td>
<td>4.74</td>
<td>743.0</td>
<td>5.33</td>
</tr>
<tr>
<td>Geddes Grant</td>
<td>370.3</td>
<td>3.36</td>
<td>477.7</td>
<td>3.34</td>
</tr>
<tr>
<td>Kirpalani's**</td>
<td>97.4</td>
<td>0.88</td>
<td>108.5</td>
<td>0.77</td>
</tr>
<tr>
<td>Total</td>
<td>1,652.6</td>
<td>15.0</td>
<td>2,153.7</td>
<td>15.44</td>
</tr>
</tbody>
</table>

Notes
* The GDP used here corresponds to the non-oil GDP plus non-oil imports for each year. The figure for total sales corresponds to sales to third parties for each group. This value includes sales made in other countries by subsidiaries belonging to the group. This corresponds to less than 10% of total sales for each group, except T. Geddes Grant.** These figures correspond only to Kirpalanis Ltd. Data was not available for the group of companies controlled by Kirpalanis Holding Ltd (the rest of the affiliated companies). Source: Annual Reports, Neal & Massy, McEnearney-Alstons, T. Geddes Grant and Kirpalanis Ltd. Government of Trinidad and Tobago, Review of the Economy 1981. Cited in J. M. Sandoval. "State Capitalism in a Petroleum Based Economy." in F. Ambursley and R. Cohen, eds., Crisis in the Caribbean. (London: Heinemann Educational Books Ltd, 1983), p. 264.

Neal & Massy and McEnearney Alstons Group both benefited from the oil boom as Table 4-1 indicates. The company sales rapidly increased because of the increase in
disposable income of the middle classes to spend on foreign automobiles and other products imported by the four companies. All four companies' sales increased during the oil boom period.

Neal & Massy Group began as a merger in 1923 and is considered the largest indigenous economic group in the Caribbean. The Group is the main supplier in Trinidad of automobiles (British and American) and agricultural and industrial machinery. In the mid 1960s the Group began assembling cars for Nissan Motors (Datsun). By 1981 Neal & Massy Holdings Ltd comprised six sub-groups and fifty-one companies, twenty registered in other Caribbean countries with fifteen majority-owned. The company has also considerable holdings in building materials, machinery, wholesale and retail distribution, supermarket chains, finance, and real estate business.

McEnearney Alstons Group merged in 1960 and operated under the title Amalgamate Industry Ltd (AIL) which assembled automobiles, namely Ford, Mazda, Vauxhall, Renault, and Austin. Before the companies merged McEnearney assembled automobiles and imported industrial and agricultural machinery, and Alstons dealt in international trade and local distribution. The Amalgamate Industry Ltd had business holdings in building materials, engineering services, supermarkets, finance and publishing; also the A.I.L. has thirty-two companies, ten are fully owned, sixteen are majority owned and six are minority owned.

Neal & Massy and McEnearney Alstons are no doubt important contributors to the domestic economy, and have extensively controlled some key markets in Trinidad and


44 Ibid.

45 Ibid., p. 263.
the Caribbean. However, these companies are nothing more than distributors, sellers, and assemblers for the MNCs. Neal & Massy and McEnearney Alstons' dependence on the PNM government, which adheres to capitalism and the penetration of the domestic economy by foreign investors and MNCs, provides an atmosphere for the accumulation of capital for the domestic and foreign capitalists. Thus the penetration of Trinidad by foreign investment affects all aspects of the economy, even established domestic companies.

The other two local companies are Geddes Grant and Kirpalanis. Geddes Grant is in building materials and construction contracting business, and Kirpalanis is in the retail stores and department stores business. Geddes Grant began in 1917 and is considered the most international because its international trade provides the majority of business for the company with forty-five percent of its sales based overseas and the remaining fifty-five percent based in Trinidad; also the company's subsidiaries are located in some Caribbean countries, and in the U.K. Geddes Grant has forty-seven subsidiaries of which seventeen operate in Trinidad. Its international business includes building materials and construction contracting. On the other hand, Kirpalanis Company, which started in 1920s as a retail store and expanded into a chain of department stores, is owned by one family. The company had also expanded into light manufacturing through associated companies owned by the same shareholders. The total associated companies grew to eighteen in 1981. The company also controlled retail stores in other Caribbean countries under the same name, and its business activities included drugstores, footwear and textile manufacturing and finance.

Geddes Grant and Kirpalanis companies have been locally oriented and have

46 Ibid.
47 Ibid., p. 264.
48 Ibid.
dominated the local economy. Kirpalanis supplied the basic needs while Geddes Grant provided the construction materials. These two companies also benefited from the oil boom in Trinidad, which provided the masses with disposable income to buy goods and services from Kirpalanis and Geddes Grant. Table 4-1 indicates the increased sales from 1979 to 1981. This is a case of classic trickle down effect economic theory in action, whereby the majority of the masses benefitted, the domestic companies and the foreign companies due to the oil boom period. As a result, the dependence on oil and foreign investment created short term economic growth and economic stability. In addition, foreign banks played a crucial role in aiding and attracting foreign investment. The foreign bank's presence assisted in the movement of the profits of all the foreign investors out of Trinidad.

The Dependence on Multinational Banks (MNBs): The Canadian Influence

Dependence on MNBs is a link that the Trinidadian government acknowledges in order to allow the MNCs and foreign investors to process their profits through the international banking system. Thus the acknowledgement of MNBs by the government becomes an associate dependency connection that allows the MNCs the necessary guarantees that the government will not interfere with the movement of foreign capital. The associate dependency MNBs link was established during the colonial dependency phase of Trinidad's development as a dependent exporting colony.

Trading relations between the Atlantic colonies, who traded cod fish for rum and sugar from the Caribbean, opened the way for the establishment of Canadian banks. In 1900, the first Canadian bank, the Union Bank of Halifax, established in Port of Spain, Trinidad, a banking system in the Caribbean, and further opened the door for other
Four prominent Canadian banks, Royal Bank of Canada (RBC), Canadian Imperial Bank of Commerce (CIBC), Bank of Montreal (BM), and Bank of Nova Scotia (BNS), have established themselves permanently in the Caribbean since the inception of the Union Bank of Halifax. There are also two American banks, Chase Manhattan and Citibank, and one British bank, Barclays Bank. The world ranking of the Multinational Banks (MNBs) in Trinidad and the percentage of capital deposited in each of the MNBs, which is 49.9% of the combined deposits in Trinidad for the Canadian MNBs, indicates that BNS, RB, and CICB are ranked 2, 3, and 4; Barclays Bank (U.K.) is ranked number one and obtains 39.8% of the deposits, while Citibank and Chase Manhattan, ranked 5, and 6, together makeup the remaining 10.4% of deposits.\textsuperscript{50} The main purpose of these six MNBs in Trinidad is to facilitate investment and the transfer of capital and repatriated profits.\textsuperscript{51}

Although historically the Canadian banks were set up to finance trade between Canada and the Caribbean this has changed over the years to financing investment from domestic and international business.\textsuperscript{52} Thus, the Canadian banks have become major investment centers for the MNCs and can be considered multinational companies themselves. Barry et al state:

"Like other international banks, the Canadian banks channel a good deal of...surplus from local depositors into international loan markets rather than meeting the credit needs of the Caribbean region. The banks


\textsuperscript{52} Chodos, \textit{op. cit.}, p. 70.
are, however, attentive to the needs of other TNCs and foreign
investors, particularly those from Canada."\(^{53}\)

The Canadian banks' reliance on foreign investors has generated billions of Canadian
dollars since the banks changed their role from financing trade to financing MNC
investment. Table 4-2 indicates the amount of Canadian dollars the Canadian banks
have generated and the percentage amounts of the banks' international earnings.

Table 4-2 Canadian Banks In The Caribbean (July 1982)

<table>
<thead>
<tr>
<th>Banks</th>
<th>World Assets ($ Can billions)</th>
<th>No. of Caribbean Branches</th>
<th>Internatl. Earnings as a % of Total Earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Royal Bank of Canada</td>
<td>$89.6</td>
<td>109</td>
<td>37%</td>
</tr>
<tr>
<td>Canadian Imperial Bank of Commerce</td>
<td>69.4</td>
<td>58</td>
<td>36%</td>
</tr>
<tr>
<td>Bank of Montreal</td>
<td>63.5</td>
<td>3</td>
<td>22%</td>
</tr>
<tr>
<td>Bank of Nova Scotia</td>
<td>54.7</td>
<td>143</td>
<td>49%</td>
</tr>
</tbody>
</table>

Sources: Bank Annual Reports; Polk's Banking Directory
Cited in Barry et al, The Other Side of Paradise: Foreign Control in The Caribbean,

The Canadian banks' interest in the Caribbean is as a safe haven from the Canadian
government's regulations.\(^{54}\) The safe haven provides the Canadian banks with the
opportunity to conduct their financial dealings overseas, and to make huge profits
without the Canadian government's interference. Table 4-2 indicates the percentage of
total profits the banks made as a result of their overseas branches. The percentage
earnings from the Caribbean are included in the international earnings section from the
table. Furthermore, P. Nagy estimated (based on 1980 figures) that in the Latin


\(^{54}\) D. J. Baum, The Banks of Canada in the Commonwealth Caribbean (New York,
American and in the Caribbean regions the Canadian banks' market share of international assets total 14 billion $ U.S.\textsuperscript{55} Nagy further states that it is difficult to obtain true figures because the information is considered confidential by the Bank of Canada and the Inspector General of Banks.\textsuperscript{56} The more branches in the Caribbean the more profits. Hence, without the Caribbean branches the banks' profits would not have been in the billions of Canadian dollars. The banks also provide the means for international companies to conduct their business and to move huge sums of money out of the Caribbean. Watson states:

"For what purposes do the foreign commercial banks make loans in the Caribbean? They lend to branches of other multinational enterprises; they finance the distributive sector (mainly import distribution activity); they lend to a range of professionals who produce services; they lend for private consumption (again mainly imports)..."\textsuperscript{57}

Thus foreign banks contribute to the dependency nature of most developing nations by facilitating the foreign investors' (MNCs) financial transactions with little interference from local and foreign governments.

In 1970 the Trinidadian government had imposed foreign currency regulations and demanded that the banks sell some of their shares to the government or increase the number of Trinidadian workers, which was an attempt by the government to obtain some control of the banks short of nationalization. The three Canadian banks operating in Trinidad, BNS, CIBC, and the RBC, were told to comply with the government's official foreign currency rate.\textsuperscript{58} The government was trying to control the flow of

\textsuperscript{55} P. Nagy, \textit{The International Business of Canadian Banks} (Montreal, 1983), p. 48.

\textsuperscript{56} Ibid.


\textsuperscript{58} D. J. Baum, \textit{op. cit.}, pp. 39-40.
foreign currency leaving the country by invoking an Exchange Control Act. Government demands that the banks sell 51% of their shares to the public were not fully realized, because only the local business elites could afford to purchase shares, not the working class, although it is realistic to expect that the government intended shares to be sold to domestic entrepreneurs rather than the working classes. Some banks in the hope of pleasing the government attempted to hire more Trinidadians (employees and managers) for their businesses. The RBC and NSB changed their names to give a more local image, hence the Royal Bank of Canada changed its name to Royal Bank of Trinidad and Tobago Ltd, and the Nova Scotia Bank changed its name to Nova Scotia of Trinidad and Tobago Ltd. These changes were an attempt to satisfy the government in order to provide a climate for the banks to maintain the expatriation of capital.

The PNM government established three local banks: The National Commercial Bank, Trinidad Co-operative Bank, and the Workers Bank, to offer the masses a local banking system to do business with instead of relying on the foreign banks. The government understood that the foreign banks acted in the interest of foreign investors by offering financial support and a safe haven for the movement of profits. Therefore, the government could not afford to nationalize the banks for fear of losing its reputation, and causing the flight of investment and foreign capital. Thus local banks were created. Also, other means that the government embarked upon included controlling the exchange rate and the amount of foreign currency being sold to the locals, and insisting that the banks hire more locals. However, the MNBs favored making loans to the local elites rather than the local poor because of the higher rate of

59 R. Chodos, op. cit., pp. 120-121.

60 Ibid., p. 118.
borrowing by the local elites and their ability to repay.\textsuperscript{61} Thus MNBs are no different from the MNCs when it comes to doing business: they reap their profits, and mainly do high finance business transactions with the local elites, without any regard for the domestic underclass.

"Foreign banks are not willing to take the same risks in the Caribbean or in other third world regions as they are with domestic lending. They lend to trade and export production businesses and to TNC manufacturers, rather than to locally based business ventures where the risks are much greater. The transnational banks frequently tie their lending to government programs like the U.S. Export-Import Bank and Export Development Corporation of Canada, which guarantee the loans. After collecting the savings of the local depositors, the banks lend it to foreign corporations that need capital to build a plant or to expand. In this way, the transnational banks in the Caribbean facilitate the flow of national surplurs funds into the hands of foreign investors."\textsuperscript{62}

But the government's attempt to obtain certain conditions from the MNBs does not negate the fact that it is still dependent on the Canadian foreign banks for foreign capital, and the attraction of MNCs. Foreign investors and MNCs prefer to do business with foreign banks. In case of any political instability the investors can bank their profits and capital outside of the unstable country if need be. It is easier to obtain foreign investment and to move capital out of a country via the foreign banks than through the local banks.\textsuperscript{63}

The Canadian banking industry is a money making industry in Trinidad, and in the rest of the Caribbean. The banks are similar to the MNCs because their purpose is to exploit and to avoid reinvesting their profits back into the domestic economy. However, if the government wants to maintain the associate dependency link the only acceptable restriction on MNBs is to minimize the banks' exploitive nature through

\textsuperscript{61} M. A. Odle, \textit{op. cit.}, p.79.

\textsuperscript{62} Barry, et al, \textit{op. cit.}, p. 119.

\textsuperscript{63} H. Watson, \textit{op. cit.}, p. 142.
regulation, without interfering too much in the banks' profit making business. The government does not want to restrict the activities of the foreign banks for fear of a chain reaction occurring in which foreign investment leaves the country, thus cutting off future MNC investment. Watson argues that with the presence of foreign banks the level of foreign investment becomes easier to maintain because it is through the foreign banks that the loans and investments are handled. Therefore, the government allows the foreign banks to operate with minimum restrictions on their activities creating an environment for the foreign investors to transfer their profits abroad and ensuring capital accumulation in the domestic economy. The associate dependency link with the government and the MNBs is recognized as part of the process in an established export dependent economy.

Foreign Aid as Dependence

In order for the Trinidadian government to obtain Western aid an associate dependency link with foreign interests must be establish. Trinidad's overall dependence on U.S. aid is not as enormous as that of other Caribbean nations. A comparison of Guyana, Jamaica and Trinidad's external debts for 1981 shows that Guyana's external debt was US$ 660.0 million; Jamaica's external debt was US$ 2,222 million; and Trinidad's external debt was US$ 448 million. Trinidad's share of aid from the U.S. from 1946-1980 is estimated at US$ 43 million, which can be broken down into Development Assistance $U.S. 9.7 million, PL480 (which is Food for Peace) at $U.S. 1.2 million and Economic Support fund $U.S. 32.1 million.

64 Ibid.


American aid goes through the United States Agency for International Development (USAID) which coordinates three branches of aid giving: Development Assistance, PL480 Food for Peace, and Economic Support Fund. However, U.S. aid is based on the promotion and development of private enterprises. Barry et al state that U.S. aid has become more bilateral and acts as a promoter for the private sector. Canada's aid is also given to promote Canadian businesses, and is mainly bilateral. Canadian aid is given through the Canadian International Development Agency (CIDA). The total aid to Trinidad through CIDA from 1971-1980 was Can$ 7.24 million. However, R. R. Paragg, in defence of Canadian aid, argues that Canadian aid in the Caribbean goes mostly to infrastructural development. Also Paragg argues that the developmental impact of Canadian aid is apparent in the creation of domestic resources, industrial enhancement, higher education, technical and vocational training, health, water supply and jobs. For Paragg, Canadian aid should not be considered neo-colonial because the Caribbean has benefited from the generous assistance and terms that aid provides. This argument is precisely what Caribbean governments accept as the basis for the continuation of economic development. The Caribbean political elites with their limited resources, capital and know-how accept economic dependence as the only way to

67 Ibid., p. 158.
68 Ibid., p. 160.
70 Ibid., p. 54.
72 Ibid., pp. 331-332.
73 Ibid., pp. 339-340.
achieve economic development, and if aid provides some measure of growth like employment, then the chances of the government remaining in office are increased. The acceptance of aid is conditional, that is the aid must go to prescribed areas, and the government accepts the conditions in order to receive the aid and to enhance potential economic growth, which tends to provide short term economic development. However, the acceptance of aid not only benefits the domestic economy in a small way but assists Canadian businesses. Therefore, the importance of aid as part of the dependency process benefited both the U.S. and Canada in promoting their trade and businesses. The funds that are given eventually return to the donors' country because of the tied aid. Thus, Canadian aid is tied to promote its products, international image, and businesses, while the U.S. aid is given to promote free enterprise ideology, and US businesses. The practice of promoting aid on the basis of assisting the donors' markets is seen by both the receiver and donor as beneficial to promote capital accumulation for economic growth. In order for capital accumulation to occur there must be an established system that promotes capitalism, and aid sometime assists in providing for the establishment of a market economy. Thus, aid is given only if a developing state is in favor of capitalist development. The governing elites accept the premise that economic development is achieved through capitalism.

Conclusion

The last two elections, 1976 and 1981, provided the PNM government the mandate to rule thus the associated dependency link was assured. Also, the government's ability to use its oil revenues to attract MNCs, which shifted the focus from financial-industrial dependence to MNC dependence, enhanced the PNM's popularity and its role as the provider of economic development. Moreover, the failure of the ULF to mount
any serious challenge, and the emerging East Indian middle classes, also contributed to the PNM's political entrenchment. The PNM government accepted that foreign investment and MNC penetration provided the basis for a strong economy, thus there was no need to change the economic dependency relationship.

The oil boom, which started in 1973, lasted for seven fruitful years, and came at an appropriate time, providing the PNM with the revenue to promote the dependent capitalist economy, and to further deepen the dependence on MNCs. Without the predominance of foreign investment in the domestic economy, which started with the two main industries and gradually spread out in other economic sectors, and the oil boom, the PNM would have been unable to diversify the economy on its own. Lastly, the MNBs' function in Trinidad assisted the MNCs investment and other foreign interests to the degree that the MNCs' capital and profits could be expatriated through the MNBs.

As a result, the 1976-81 period was a time of economic growth in which the economy was inundated with MNCs due to the PNM's use of the oil revenue to attract foreign interests to assist in the diversifying of the economy. Williams' commitment to capital accumulation through cooperation with MNCs was based on his belief in the private ownership of production as the basis for economic growth. His belief in supporting capitalism, foreign interests, and MNC penetration ensured him of the middle class backing for the PNM. The government was not hostile towards exploitation of its resources by foreigners as long as capital accumulation was maintained.

However, Williams' death did not produce political chaos nor the end of the PNM. In fact a suitable replacement was found, George Chambers, who led the PNM to its sixth election victory in 1981. George Chambers maintained Williams' economic policy and in the process sustained the MNC dependency phase of economy development. On the other hand, the opposition party offered no alternative to a
dependent export oil driven economy in which the middle and professional East Indian classes depended on. The ULF could not convince the East Indian middle classes to vote for them in the 1976 election because of its radical stance calling for nationalization and class struggle, which was perceived as communist rhetoric. However, the 1981 election brought the ONR party to the forefront, which could not gather enough support to win a single seat. The ONR was the only party that could have replaced the PNM because the ONR's support was comprised of middle class from a variety of ethnic communities. The ONR's main goal was to get rid of the corrupt PNM party, but the ONR only achieved 22.1% of the popular vote and gained no seats in Parliament. The failure of the ULF and the ONR to dislodge the PNM only hardened the PNM's position on the question of supporting MNC dependency to promote economic development. Thus, the PNM's political and economic agenda, dependent capitalist development with MNC dependency and foreign capital, prevailed.
CONCLUSION

The models of Dos Santos and Cardoso used to analyze Trinidad's political and economic development were chosen from among the various other dependency models because these two models provided an overall analysis of Trinidad's development. The economic dependency relationship and the political link with foreign interests provided the government twenty-five years of political control. Thus the political and economic relationship between 'internal' and 'external' forces created the conditions for economic dependency. Hence Trinidad's historical experience with colonial imperialist, financial-industrial and MNC investment has been maintained by a political regime that supported a dependency relationship with advanced nations for economic development, and for the regime's political survival.

The political survival of the PNM had a direct bearing on maintaining the dependency relationship to promote export dependent development. However, whether dependency promotes economic development or underdevelopment depends on the type of resources for exploitation (export dependent development), the level of foreign penetration, the state's policy on well-being and the level of class and ethnic polarization within the society. Thus one has to be careful when using dependency models, and not assume that underdevelopment occurs under dependency. In the case of Trinidad and Tobago the models of Dos Santos and Cardoso were used to analyze how the economic historical dependency relationship and the internal political elites provided the basis for the continuation of export dependent capitalist development.

Dos Santos' three stages of economic dependency (colonial dependency, financial-industrial dependency and MNC dependency) were crucial for analyzing the stages of Trinidad's historical economic development. However, Dos Santos' overall model
overemphasized the economic aspect of the dependency relationship and the level of underdevelopment that occurs as a result of the economic dependency. Apart from the predominance of the economic historical dependency, Dos Santos' model is useful because it analyzes the stages of economic dependency that developing countries experience. The colonial dependency phase of Trinidad's economic development provided the foundation for an economic system based on export dependent capitalist development, which began in 1783 and was modified by changing global demands and technology. The economic structure set in place the exploitation of resources (sugar) during the era of colonial imperialism. The changing global political system created the conditions for financial-industrial dependency, which allowed for the continuation of dependency but on a different scale from colonial dependency. From the late 1950s onward Williams' insistence on industrialization created the need for the continuation of foreign interests as the basis for capital accumulation.

Politically, Britain was willing to grant self-government to Trinidad because of the labor problems, the cost of maintaining a colony, Williams' election victory in 1956, and lastly Britain's trust in Williams and the PNM party as the most suitable political party to govern Trinidad. Economically, Williams' belief in export dependent capitalist development fitted his policy on 'industrialization by invitation' in which he had to rely on financial foreign investment. His policy demonstrated that he stood for capitalist oriented development. In other words, Williams was not a threat to the dependent capitalist economic structure established during colonialism. Lastly, the MNC dependency influx came about because of Williams' use of the oil revenues to establish joint ventures with foreign interests. These three phases, which Dos Santos believes were caused by economic imperialism, did not account for the internal political dynamics in Trinidad, race and class cleavages and the granting of political independence in 1962, which allowed the PNM government the mandate to continue
the dependency relationship. During the financial-industrial dependency and MNC dependency phases an associated dependent link was crucial for the continuation of the phases. Thus, economic dependency did not occur in a vacuum. There was a specific political regime's ideology that supported the implementation of export dependent capitalist development. Therefore what was missing from Dos Santos' model was the associated dependent link. The notion that imperialism is the cause of dependency simplifies the analysis and tends to avoid the class cleavages that occur in developing nations and the supporting role the political elites of the periphery play in perpetuating economic dependency.

Cardoso's analysis of associated dependency provided the analytical link to show how an economic development is maintained through elites' interest. It is important that a class link is established between local political elites of the periphery and of the center to provide the continuation of economic dependency. Trinidad's historical dependency relationship was seen to follow a three stage economic phase of development. From colonial dependence to financial-industrial dependence to MNC dependence were the stages for Trinidad's economic development. These stages provided and sustained an export dependent capitalist driven economy based on oil and sugar. However, dependency could not have maintained itself without the PNM providing the necessary backing for an export dependent capitalist economy.

The PNM government that captured political power in 1956 and survived up to 1981 within a parliamentary democracy maintained its control by following an ideological policy of dependent export capitalist development which was supported by foreign investment, joint venture schemes, MNC penetration and oil. Thus Trinidad and Tobago's dependency relationship within a world capitalist economy was maintained.
The export dependent capitalist development policy adopted by the PNM under Williams' rule set the agenda for Trinidad and Tobago's future. However, the export dependent capitalist development was the result of the historically conditioned progression of Trinidad's development from 1783 to 1981. The historical conditioning of Trinidad and Tobago as an export driven dependent capitalist economy allowed for dependent capitalist development. Sugar, which started to decline as early as the 19th century, and oil, which played a major role from 1973 to 1981, were the two major economic sectors exploited for capital accumulation. These two sectors were exploited substantially, first by Britain and later on by Williams, who realized that further exploitation of the sugar and oil sectors would provide the capital for Trinidad and Tobago's development. Also the MNBs, mainly Canadian, provided a safe haven for the movement of MNCs capital. Williams' overt alliance with foreign investment attracted the MNCs and MNBs and lessened the MNCs fears of the PNM government and reinforced the prospect of further foreign investment. Furthermore, the oil boom in 1973 gave the government the opportunity to boost the economy, and helped the PNM maintained political control.

As a result, Williams' policy of 'industrialization by invitation' maintained an export dependent capitalist economy, kept his party in power and satisfied the middle and professional ethnic classes. The three FYPs, before the oil boom, were an attempt to manage the dependent capitalist export economy by budgeting for foreign loans and aid to raise capital to sustain economic development. Foreign aid and loans played a minor role in the economy until 1973. With the oil boom in 1973, Williams and his party opted to use the oil revenues to further initiate dependent capitalist development, and joint ventureships. The PNM's dependent capitalist policy was reinforced by the six national election victories, in which Williams used to his advantage the splitting of the vote along racial lines. The first 1956 election victory right up to the sixth 1981
election victory saw race as the dominant factor in the selection of a ruling party. Also, the ULF's alternative economic policy was not acceptable to the voters. The other East Indian opposition parties, especially the DLP, could not offer any new economic policy other than what the PNM had already accomplished. The ULF, which replaced the DLP in 1971, at the time advocated a policy of class struggle which was too extreme to win political support.

The PNM's position to accept capitalist dependent development secured its political future among the Trinidadian masses who supported the PNM by reelecting it to power. Although the DLP's political and economic interests were similar to those of the PNM, the DLP failed to win an election, which was a case of the historical separation and alienation of the races resulting in ethnic rivalry for power. Thus the possibility of an East Indian party dominating Trinidad and Tobago politically did not sit well with the Blacks, and even among some well-off East Indians who could not totally identify with either the DLP (Hindu based Party) or the ULF (Socialist oriented Party).

The radical shift in ideology by the ULF could not convince the Black working class to vote for the ULF because of the racial factor and the ULF's radical political approach. The ULF alternative to the PNM's dependent capitalist approach failed to attract the votes needed to win an election. Also an attempted coalition in the 1971 election failed to persuade the masses, leaving the door wide open for the PNM to take control. However, the failure of the ULF indicated that a dependent capitalist system was acceptable. Hence, Trinidad and Tobago under the PNM continued an export dependent capitalist driven economy supported by foreign interests, and MNC control.

In conclusion, dependency models are valid tools for analyzing the nature of developing countries' relationship with the developed nations. However, what is needed to make dependency analysis more acceptable is an explanation of how, why, and for what purposes a dependent relationship is maintained by the state.
Furthermore, dependentistas should avoid blaming the dependency relationship for the cause of underdevelopment. The underdevelopment that occurs, within nations, is based on the regime's ideological approach towards economic development, and the lack of commitment to the well-being of the society. Therefore, the internal political dynamics within the periphery must be seriously addressed. Also, the exploitation that occurs is based on the type of resources that a country uses to compete on the world market, the declining terms of trade, and the concessions offered to attract foreign interests for resource exploitation and capital accumulation. Thus the dependency relationship may not necessarily cause development or underdevelopment but is conditioned on resource exploitation for capital accumulation, and the political regime's ideological commitment towards a particular economic development plan. There are both internal and external forces at work that can weaken the dependency relationship.

For dependency to be ranked as a holistic theory, instead of being eclectic models, there has to be an analysis of the political elites and internal forces that are committed to a dependency relationship. The political elite's ideological foundation, which provides the policies and objectives for economic development, needs thorough analysis in order to explain why certain conditions for a dependency relationship tend to dominate the periphery's development. The fact that some developing nations use a dependency relationship to generate economic growth, and may succeed on the short term, makes it difficult to predict the level of underdevelopment that may occur within a dependency relationship. However, when the dependency relationship does not provide the necessary development then underdevelopment becomes a main concern. Therefore, the problem that dependentistas must avoid is not to judge an economic dependent relationship as a precondition for underdevelopment but whether an economic dependency relationship provides an over all well-being for the masses. If a general well-being cannot be found, a political solution must be found and the dependency
relationship should be avoided. However, reality dictates that economic dependency relationship between the developed and the developing nations prevails. The solution is for LDCs to observe the advantages and disadvantages of a dependent relationship and use certain aspects of the relationship for the benefit of the society. But the elites in power do not necessarily use a dependency relationship for the good of all the citizens, and class and sometimes race become an issue, which tends to negate what benefits dependency relationship provides. Thus one must bear in mind that it is not necessarily the dependency relationship that creates underdevelopment but the internal forces, lack of commitment to well-being and the declining terms of trade are some of causes that create the conditions for underdevelopment in the periphery.
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