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THE UNIVERSITY OF ALBERTA
CANADA-COMMONWEALTH CARIBBEAN TRADE
IN THE DEVELOPMENT OF
THE COMMONWEALTH CARIBBEAN

by



Lionel Anthony Mitchell

A THESIS
SUBMITTED TO THE FACULTY OF GRADUATE STUDIES
IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE DEGREE
OF MASTER OF BUSINESS ADMINISTRATION

FACULTY OF BUSINESS ADMINISTRATION AND COMMERCE

EDMONTON, ALBERTA

(SPRING), (1969)

Thesis
1969
23

UNIVERSITY OF ALBERTA
FACULTY OF GRADUATE STUDIES

The undersigned certify that they have read, and recommend to the Faculty of Graduate Studies for acceptance, a thesis entitled Canada-Commonwealth Caribbean Trade in the Development of The Commonwealth Caribbean, submitted by Lionel Anthony Mitchell in partial fulfilment of the requirements for the degree of Master of Business Administration.

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PREFACE

The purpose of this study is to trace, describe and analyze trade between Canada and The Commonwealth Caribbean, and to assess the importance of trade in the economy of both regions with special emphasis on Canada-Commonwealth Caribbean trade in the development of the Commonwealth Caribbean. The study describes some of the barriers to increase trade between the two partners and analyzes the prospects for the future of The Commonwealth Caribbean.

ACKNOWLEDGEMENTS

I wish to express my thanks and appreciation to a number of civil servants, and other members of organizations, institutions, and governments without whose assistance this thesis could not have been written.

I am also indebted to Dr. D.N. Thompson, my thesis supervisor, for his generous counsel and support, and to Dr. G.B. Reschenthaler for his helpful comments, criticism, and encouragement.

Special thanks must be extended to R.B. Nickson of the Department of Trade and Commerce, Ottawa; Mrs. Ruth Lawrence, Acting Permanent Secretary, Ministry of Trade, Industry, Agriculture, and Tourism, St. Lucia; Barry Kroening; and to the various typists who have assisted in one way or another toward the completion of this thesis, especially Mrs. Roberta Kruechen, Mrs. Annetta Campbell, and Miss Janice Cain.

Finally, I wish to extend my thanks and appreciation to the University of Alberta. I wish also to thank my wife, Josephine, and my daughter, Heather, who were forced, during this period of my studies, to forego many things the family of a normal person usually enjoy together.

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CHAPTER I

HISTORY OF CANADA-COMMONWEALTH CARIBBEAN TRADE

The importance to Canada and the Commonwealth Caribbean of Canada-Commonwealth Caribbean trade has been brought into sharp focus recently with the meeting of the Canada-Commonwealth Caribbean Conference at Ottawa in July, 1966, and with the publication by Professors Kari Levitt and Alister McIntyre, of a monograph entitled Canada-West Indies Economic Relations.¹ Recognition of the present significance and long term potential in this trade is attested to by the continuing studies being carried out both in Canada and in the West Indies.²

A few years ago Sir Harold Mitchell stated that "in our efforts to achieve world equilibrium we have to take account of the Caribbean as one of the unstable areas".³ Many West Indians will take issue with the unfortunate choice of the word "unstable", pointing to the fact that with the exception of Cuba and some Latin American countries, the British Caribbean has been one of the most politically, economically and socially

¹Kari Levitt and Alister McIntyre, Canada-West Indies Economic Relations (Canada: Private Planning Association of Canada and Centre for Developing Area Studies, McGill University, November 1967).

²Studies are being conducted at present at the following universities: Dalhousie University, Nova Scotia; Mount Allison University, New Brunswick; McGill University, Quebec; The University of the West Indies, Jamaica.

³Sir Harold Mitchell, Europe in the Caribbean (London: W. & R. Chambers Ltd., 1963), P. XI.

Section 1

HISTORY OF THE UNIVERSITY OF TORONTO

The Department of History and the University of Toronto
has been fortunate to have had as its first and most distinguished
member, still the holder of the title of Professor of History,
Mr. J. H. P. B. [Name], who has been in the University for many
years. His services to the University have been of a high order,
and his influence on the present staff and on the general
history of the University is of a nature which is being felt
to this day. It is a pleasure to have him as a member of the
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[Name], [Address], [City], [Province], [Country].

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Department of History, University of Toronto
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stable regions in the world. West Indians may point out that the stability of the territories has allowed the United States, Canada, and even Britain to by-pass the region, and to concentrate their economic aid in Asia and Africa. Nevertheless, since the term "Caribbean" is sometimes used to include the British Caribbean as well as Latin America, Cuba, Haiti, and the Dominican Republic, there is no doubt the word "unstable" may not be so unfortunate a choice as at first appeared.

Sir Harold suggests that "to appraise the situation with its hopes and its potential dangers, an historical approach is essential, for only by some understanding of the past can the present be interpreted and assessed".⁴ In light of Sir Harold's suggestion I will attempt to assess the problems of Canada-Commonwealth Caribbean trade. I will consider the latter both in quantitative and qualitative terms. Following this I will formulate policy proscriptions to guide future trading relations between the two regions.

In 1915 Watson Griffin,⁵ a Canadian Special Trade Commissioner wrote:

The value of trade of the British West Indies to Canada cannot be calculated by simply counting the imports of last year or the year before. The natural resources and wealth producing capacity of these colonies have yet to be developed. They are capable of supporting many times their present population and the trade of the future will be vastly greater than that of today. But if

⁴Ibid., P. XI.

⁵Watson Griffin, Canada and the British West Indies: Report on The Possibilities of Trade Under the Preferential Tariff Agreement (Ottawa: Government Printing Bureau, 1915).

Canadians wait until these colonies have been fully developed and their trade established in other channels it will be very difficult to divert it to Canada. Now is the time for action.⁶

Griffin's findings and recommendations are still applicable today. They have not lost their importance, meaning, or urgency with the years. If anything, the years have vindicated Griffin, for the same theme in different words have been reiterated by the Honourable Paul Martin, a former Secretary of State for External Affairs, in an address to the Toronto Branch of the Canadian Institute of International Affairs, May 24th, 1966:

The relation that we hope to develop with the Commonwealth Caribbean will not be one that can be measured solely by formal agreements or treaties, although there may be a place for such agreements. We are not, therefore, looking to the July Conference as a means of defining, once and for all, Canada's relation with the Commonwealth Caribbean countries. We consider it rather as a first stage in what must be a continuing process of jointly seeking to ensure that our relation is not only close and cordial but is kept fully relevant to the changing circumstances of our times.⁷

Later in the same speech, Martin states:

In approaching the forthcoming conference, Canada will not be seeking to formulate our special relation in exclusive terms. Nor do we wish in any way to detract from the relations the Caribbean territories have with other countries. In particular, there are the continuing responsibilities that Britain has in the territories that are not fully independent, and it is anticipated that Britain will

⁶Ibid., P. 14.

⁷Paul Martin, "Canada and The Commonwealth Countries of The Caribbean", Statement and Speeches (Ottawa: Information Division Department of External Affairs, May 24th, 1966), P. 1.

be represented at the Conference in some way.⁸

Before turning to a brief history of Canada-Commonwealth Caribbean trade, and an analysis of Watson Griffin's findings with their application to modern day Canada-Commonwealth Caribbean trade, I should note the fact that the term Commonwealth Caribbean does not refer to a nation or unitary state either in the geographic, political, historic or economic sense. There is no label on any map of the world which reads "Commonwealth Caribbean".⁹ The name Commonwealth Caribbean is a combination of two words which reflects the background and location of the territories. "Commonwealth" is taken from British Commonwealth (of which the territories are a part), and "Caribbean" is taken from the Caribbean Sea which washes the shores of all the territories with the exception of Guyana and the Bahamas.

The Commonwealth Caribbean is comprised of widely scattered territories forming a great arc which stretches approximately two thousand miles from the Bahamas (in the latitude of Florida) in the North, as far South as Guyana (which almost touches the Equator). In addition to the Bahamas and Guyana, the other territories are the mainland territory of British Honduras and the islands of the former West Indies Federation; Jamaica, Trinidad and Tobago, Barbados, Grenada, St. Lucia, St. Vincent, Dominica, Antigua, St. Kitts-Nevis-Anguilla, and Montserrat.

The name Commonwealth Caribbean had its origin at the first conference of the above-mentioned territories held in Port of Spain, Trinidad, in late July, 1963, under the chairmanship of Dr. Eric Williams,

⁸Ibid., P. 2.

⁹See Table One - 1.

Table One-1

COMMONWEALTH CARIBBEAN COMPOSITION 1967

<u>Territories</u>	<u>Position</u>	<u>Area</u>	<u>Population (a)</u>		<u>Capital</u>	<u>Principal Export</u>
			<u>(thousands)</u>	<u>Density (Per.sq.mi.)</u>		
Bahamas	21.0°N 72.30°W	4406	140	32	Nassau	Crayfish, salt, tomatoes.
Barbados	13.10°N 59.30°W	166	246	1482	Bridgetown	Sugar, rum.
British Honduras	15.45°N 88.10°W	8970	103	11	Belize	Mahogany, Pine, cedar, Lumber, chickle gum, citrus.
Guyana	0.41°N 58.30°W	83000	650	8	Georgetown	Bauxite, sugar.
Jamaica	18.0°N 77.0°W	4411	1811	411	Kingston	Bauxite, sugar, bananas, citrus.
Leeward Islands:		342				
Antigua & Barbuda	17.35°N 61.45°W	170½	64	375	St. John's	Sugar, cotton.
Montserrat	16.45°N 62.10°W	32½	14 (b)	430	Plymouth	Cotton.
St. Kitts-Nevis- Anguilla	17.18°N 63.0°W	139	58 (c)	417	Basseterre	Sugar, cotton.
Trinidad & Tobago	10.20°N 60.45°W	1980	1000	505	Port of Spain	Oil, asphalt, sugar, citrus.
Windward Islands:		791				
Dominica	15.30°N 61.20°W	305	67	220	Roseau	Bananas, Citrus.
Grenada & Carriacou	12.10°N 61.40°W	132	100	758	St. George's	Bananas, Nutmeg.
St. Lucia	14.06°N 61.04°W	233	114 (d)	489	Castries	Bananas, Coconuts.
St. Vincent & Grenadines	13.15°N 61.15°W	156	87	558	Kingstown	Bananas, Arrowroot.
		<u>104,066</u>	<u>4454</u>	<u>42</u>		

(a) Source: United Nations, Statistical Yearbook 1966, (New York, 1967) and my own projection using a growth factor.

(b) Montserrat Report on Vital Statistics 1966. Table 10.

(c) St. Kitts Annual Statistical Digest, 1966. Table 30 and application of the growth factor.

(d) St. Lucia Annual Statistical Digest, 1966, Section 11, Table 3 and application of the growth factor.

Prime Minister of Trinidad and Tobago. At this meeting the focus of attention was first on determining the common goals of the participating countries; second, establishing priorities; and, third, determining the proper policies necessary to overcome specific problems.

While no basic revisions of the Canada-West Indies trade agreement were negotiated, the foundation was laid for future meetings to thresh out the problems of the area, to co-ordinate development efforts, and to promote the creation of a Caribbean Customs Union.¹⁰

At the founding conference the territories decided to include Canada with Britain and The United States in their search for increased exports. They agreed that these world powers could be instrumental in increasing regional trade by means of opening important world markets and providing technical and capital assistance.

Prior to that Conference, the territories were generally referred to as "The West Indies" or "The British Caribbean". Thus these two terms will be used interchangeably to refer to the Commonwealth Caribbean.

The history of Canada-Commonwealth Caribbean trade can be traced back over 160 years, when the United States Congress passed legislation designed to "starve" the British Caribbean by outlawing trade between these territories and the southern states.¹¹ This measure was followed

¹⁰Canada, Department of Trade and Commerce, Foreign Trade (Ottawa: November 2nd, 1963), P. 4.

¹¹D.G.L. Fraser, "Canada's Role In The West Indies" Behind The Headlines (Toronto: Baxter Publishing Company, January, 1964), Vol. XXIII, No. 3.

The first of these is the fact that the British Empire was at its greatest extent in 1913, and that it was then that the British Empire was at its greatest extent. This is the first of the three main points of the paper, and it is the first of the three main points of the paper.

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11. The British Empire was at its greatest extent in 1913, and that it was then that the British Empire was at its greatest extent. This is the fifth of the three main points of the paper, and it is the fifth of the three main points of the paper.

several years later by other embargoes. The immediate result of these actions was increased trade between the Canadian provinces and the West Indies. Prior to this time, trade between the Canadian provinces and the West Indies was insignificant.¹² In most of the trade that did occur, Canada acted merely as a forwarding agent for American goods which were smuggled north for export to the West Indies. Nonetheless, it was during this period, before and during the War of 1812, that Canadian trade with the West Indies really had its beginning. Canadian merchant ships, with cargoes of salt fish, flour, ground provisions, and a miscellany of manufactured and semi-manufactured goods, shared in the provisioning of the West Indies. In exchange these ships returned to Canada loaded with sugar, molasses, rum, some spices, and logwood for dyes. Initially trade was conducted in barter terms and continued as such until the establishment of Canadian banks in the British Caribbean in the closing years of the eighteenth century.¹³

After the Spanish American War, the West Indies were effectively excluded from the United States market since Cuba, the Philippines and Puerto Rico all were granted preferential tariff treatment for their sugar. It was at this time that these territories decided to take advantage of the Canadian preference of 1898,¹⁴ and beginning in 1903 West Indian products entered the Canadian market in ever larger quantities. Trade between the two areas received additional stimulus in 1912 with the

¹²Ibid., P. 4.

¹³Ibid., P. 5.

¹⁴Ibid., P. 8.

signing of a Canada-West Indies bilateral trade agreement. At that time the total imports of merchandise of the Commonwealth Caribbean territories from Canada amounted to \$63.0 million, while exports from these territories to Canada amounted to \$57.5 million. Details of this trade are set out in Table One-2.¹⁵ Nevertheless, in 1912 Canada still placed third behind Britain and the United States in trade with the area.

Since 1912, Commonwealth Caribbean-Canada trade has grown in volume and composition. This is revealed by the fact that, in 1967, Canada's exports to the Commonwealth Caribbean totalled \$100.9 million, while Canadian imports from the Commonwealth Caribbean were \$88.9 million.¹⁶ One reason given for the surplus Canadian trade is the extremely wide range of Canadian export items to the area as compared to the relatively limited product range of goods (mainly agricultural and mineral) imported by Canada from the Commonwealth Caribbean.¹⁷

The history of Canada-Commonwealth Caribbean trade has been marked by great fluctuations. In an attempt to dampen these fluctuations, Canada and the West Indies entered into a series of trade agreements, beginning with the agreement of 1912, followed by a second one in 1920 and finally the Canada-West Indies Trade Agreement of 1925. Under the terms of the 1925 Agreement, West Indian territories received special tariff preferences in Canada on many staple export commodities, while

¹⁵See Table One - 2.

¹⁶See Table One - 3.

¹⁷Letter of R.B. Nickson, Chief, Commonwealth Division, Office of Trade Relations, Department of Trade and Commerce, Ottawa: July 4, 1968. File No. 810-C21-1, addressed to the author. See Appendix C.

Table One-2

CANADA'S TRADE WITH THE COMMONWEALTH CARIBBEAN - 1912

<u>Territories</u>	<u>Total Imports</u>	<u>Total Exports</u>
British Guiana	8,176,106	8,633,264
Jamaica	14,642,303	13,004,562
Trinidad & Tobago	22,475,160	21,468,370
Barbados	7,034,069	5,210,731
Windward Islands (a)	4,242,704	4,019,756
Leeward Islands (b)	2,260,200	1,937,404
British Honduras	3,496,908	2,856,143
Bahamas	1,718,933	1,325,352
	<hr/>	<hr/>
	63,046,383	57,455,582
	<hr/>	<hr/>

Source: Watson Griffin, Canada and The British West Indies: Report on the Possibilities of Trade under The Preferential Agreement (Ottawa: Government Printing Bureau, 1915), P.11.

(a) Windward Islands comprise: Dominica, St. Lucia, St. Vincent and Grenada.

(b) Leeward Islands comprise: Antigua, St. Kitts-Nevis-Anguilla, and Montserrat.

Canada received similar advantages in the West Indies, mainly on agricultural, fishery, and forest products.¹⁸

The Canada-West Indies 1925 Trade Agreement remains in force today. However, a protocol¹⁹ which updated this agreement was approved by the Commonwealth Caribbean-Canada Conference at Ottawa in July, 1966. This document makes provision for continuing close consultation and cooperation by all the participating countries through the establishment of a Commonwealth Caribbean-Canada Trade and Economic Committee which meets (at the ministerial or senior official level) from time to time for the purpose of consulting on trade, financial and related matters.

The first meeting of the Trade and Economic Committee was held at St. Lucia in January-February, 1967 to deal with the preliminaries and establish the procedures to be followed at the second meeting expected to be held early in 1969.²⁰ The purpose of the second meeting is to assess the preparatory steps and research that are continuing in such spheres as a free trade area with Canada, shipping, and other measures to facilitate development of trade and closer economic relations.²¹

During the evolution of Canada-Commonwealth Caribbean trade, Britain was fully responsible for the Commonwealth Caribbean, and so the trade policies of the latter were dictated, (directly or indirectly) by

¹⁸"A Free Trade Area Between the West Indies and Canada". A paper prepared for the various Commonwealth Caribbean Governments, (1966), P. 20.

¹⁹See Appendix B.

²⁰Information contained in a letter from R.B. Nickson (Chief, Commonwealth Division, Office of Trade Relations, Ottawa), addressed to the author. See Appendix C.

²¹Ibid., P. 2.

Table One-3

CANADA'S TRADE WITH THE COMMONWEALTH CARIBBEAN - 1967

<u>Territories</u>	<u>Total Imports</u>	<u>Total Exports</u>
Bahamas	10,245,232	2,221,224
Barbados	8,416,754	3,119,042
British Honduras	1,178,907	1,919,989
Guyana	12,131,753	29,581,357
Jamaica	39,080,049	31,859,694
Leeward & Windward Islands	9,719,305	1,419,982
Trinidad & Tobago	20,114,858	18,749,883
	<hr/>	<hr/>
	\$100,886,858	\$88,871,171
	<hr/>	<hr/>

Source: Department of Trade and Commerce, Ottawa.

Britain. As a result, many Commonwealth Caribbean products have only been able to find their way to the Canadian market via Britain. Although Britain still has some remaining responsibility for the smaller territories, generally these are free to pursue their own destinies and shape their own policies - especially if this is done in conjunction with the larger territories which are fully dependent.

With the release of the Territories from Britain's control and full influence, and with Britain's bid to enter the Common Market, there is a need for the Commonwealth Caribbean to re-evaluate their trade with other areas, especially with North America. However, because of the similarities of the Commonwealth Caribbean territories with other Caribbean territories, and because these other territories are in one way or another connected to and given preference by the Netherlands, France and the United States, a re-assessment of Commonwealth Caribbean trade must of necessity place emphasis on trade relations with Canada.

A decision to emphasize trade with Canada hopefully would lessen the uncertainty associated with the expected contraction of export sales to Europe if Britain enters the Common Market, as well as the uncertainty associated with the erratic nature of economic policies of the United States in its dealings with the region. However, it is quite possible that trade with Canada may hold similar pitfalls.

While it cannot be denied that there will be some dangers involved in concentrating on trade with Canada, there are other considerations which make her an attractive trading partner. First, Canada does not have the international commitments that Britain or the United States have, and it seems to have lesser economic nationalistic tendencies. Second, Canada desires to have non-United States suppliers to the greatest extent possible

in order to check and possibly to reverse the substantial American influence over the Canadian economy which presently exists.

To give greater force and effectiveness to the Commonwealth Caribbean plan for development, and a higher standard of living through trade, the leaders of the area must begin thinking in terms of a more integrated regional economy which will allow the smaller, as well as the larger territories to share in the process of development, and provide a market for eventual industrialization. To this end, it may be wise to investigate thoroughly the possibilities of a Free Trade Area encompassing the Commonwealth Caribbean and Canada.

Thus, it will be in the interest of the territories to get together and implement the Customs Union which they have proposed, but have been putting off for over a decade. There is no doubt that the absence of a Customs Union has frustrated the efforts of many nations such as England, Canada and the United States while at the same time aggravating the territories' problems in dealing with these nations and in dealings with each other. For example, many West Indians and Canadians expressed disappointment that all the Commonwealth Caribbean territories have not joined the Caribbean Free Trade Association (CARIFTA), which came into being on May 1st, 1968. As at the date of this writing only Guyana, Trinidad and Tobago, Barbados, and Antigua have become full members. Especially disappointing has been the delayed entry of Jamaica, which had originally indicated a willingness to join. Nevertheless, the Jamaican Parliament recently gave approval to a resolution empowering the government to seek membership in CARIFTA.²²

²²Ibid., See Letter of R.B. Nickson - Appendix C.

There is little doubt that a successful implementation of CARIFTA could represent an important step towards the creation of a viable economy in the region. The elimination of the necessity of dealing with thirteen separate territories will, in turn, facilitate the meeting of commitments made by Canada at the 1966 Conference to expand its economic and trade relations with the Commonwealth Caribbean.²³ Moreover, because national income rises more slowly in the lower income smaller islands than in the larger ones, the gap will continue to increase the longer free trade and Customs Union are delayed and the more difficult these may be to achieve and apply.²⁴

²³Ibid.

²⁴David Lowenthal, ed. The West Indies Federation (American Geographical Society Research Series, November 23rd, 1961).

CHAPTER II

THE LARGE TERRITORIES OF THE COMMONWEALTH CARIBBEAN

Since many of the economic problems of the area are resultant from disparity in size the Commonwealth Caribbean territories may be classified by size for purposes of analysis, into large, medium, and small categories if one considers size as being relative to those areas being examined. Coincidentally, large territories of the Commonwealth Caribbean correspond to the mainland territories of Guyana and the British Honduras, both of which have land areas in excess of five thousand square miles.

Guyana

Guyana is the name adopted by British Guiana on its attainment of independence from Great Britain in May, 1966. It is the largest territory of the Commonwealth Caribbean and has an area of 90,000 square miles. It was acquired by Britain through conquest in 1803.¹ It is a mainland territory located in the north-eastern section of South America, and is four times as large as all the other territories of the Commonwealth Caribbean combined.² Although it is ten times the size of the former West Indies Federation, Guyana accounts for approximately one-eighth the population of the Federation.

¹See Appendix Table A-2.

²Paul Blanshard, Democracy and Empire In The Caribbean (New York, The Macmillan Company, 1947), P. 121.

In 1912, Watson Griffin³ compared Guyana to certain densely populated parts of the world with similar land areas, such as some provinces of India, and Java, and Madura in the Dutch East Indies. He estimated that on the basis of their population per square mile, Guyana's population could be anywhere between twelve million and fifty-four million. He concluded that, with the undeveloped state of British Guiana, it was impossible to predict what its population might be when fully developed. However, he thought enough was known to say, with certainty, that it was capable of supporting millions of people.

In 1947 Paul Blanshard wrote:

With only 376,000 people, it has a population density of only four persons to the square mile, and enough potential mineral, forest and agricultural wealth to feed a population of many millions. One of its governors said that the colony had room for 15,000,000 people and that if properly developed it could produce all the sugar Great Britain used.⁴

Even today, Guyana's population has not attained the million mark. With a population density of eight persons per square mile there is no question about the under-populated state of this territory. Therefore, it is little wonder why British, Americans, and West Indians themselves think of this territory as the natural outlet for the excess population of the other Commonwealth Caribbean territories.

³Watson Griffin, Canada and the British West Indies: Report on the Possibilities of Trade under the Preferential Tariff Agreement (Ottawa: Government Printing Bureau, 1915), P. 58.

⁴Paul Blanshard, Democracy and Empire in the Caribbean (New York: The Macmillan Company, 1947), P. 121.

As Blanshard remarks:

"Since British Guiana needs more people, the question of immigration has been a live one in the colony for many years"⁵

Proposals to increase immigration from the other Commonwealth Caribbean territories to Guyana have encountered major political and social barriers; parties divided on racial lines, conflict between East Indians and Negroes, low per capita income of the people and fear that immigration may push this even lower. These obstacles have stood in the way of Guyana joining the former West Indies Federation and it is doubtful that they will be eroded away with time. The delicate balance between East Indians and Negroes, who together constitute about ninety percent of the population, has caused the former to be extremely suspicious of, and reluctant to consent to immigration from the other territories since it is believed that the immigrants would be mostly Negroes.

Nevertheless, it cannot be denied that Guyana's lack of development in part, stems from lack of people to carry out the process. Although insufficient capital is another factor, this could be remedied in part with an increase in labour to produce the capital. Perhaps a way out of the impasse of immigration from the other territories can be found by a suitable immigration policy that allows immigration from India.⁶ It should be noted that this move might present other difficulties.

⁵Paul Blanshard, Op.cit., P. 133.

⁶Concerning immigration from India, see Sir Harold Mitchell, Europe in The Caribbean (London: W. & R. Chambers Ltd., 1963), P. 125.

For example, the cleavage between East Indians and Negroes could be solidified and so arrest the process of integration of Indians and Negroes. In addition, the consent of the government of India would also be necessary for the success of the immigration policy. Thus, there is no easy path to populating the interior of Guyana.

Increased immigration will be a key factor in the development of Guyana by providing additional capital which at the moment cannot be obtained through domestic savings. This will take place because on emigrating immigrants usually bring their personal savings with them. Although these savings might appear small, they would have a multiplier effect when released.

Thus, with its potential (undeveloped and undiscovered) resources, Guyana could move forward to a more rapid development if it could make its people understand the importance of immigration, and realize that the problems of the other Commonwealth Caribbean territories are tied in with their own. Therefore, in attempting to solve their problems, integration or regional co-operation should not remain an untried solution.

In 1963, Sir Harold Mitchell⁷ wrote:

Ten times more extensive than the British West Indies islands, British Guiana had been intended as an outlet for the surplus population of the Antilles when Federation had first been mooted. For this reason as well as others, it had refused to join, thereby contributing to the failure of the venture. The dominant East Indian population probably feared the addition of larger numbers of West Indian Negroes, which could have altered the racial balance. This however, would be to overlook the other difficulties

⁷Sir Harold Mitchell, Op.cit.

of a small and poor country of some 600,000 persons seeking independence.⁸

Two surveys costing a total of over three million dollars (Canadian) have been undertaken by the United Nations through its Special Development Fund to determine the extent and nature of Guyana's forest reserves, and the possibilities of hydro-electric power development.⁹ Following this, Guyana has consulted with Barbados and Antigua to spearhead a movement towards integration of the Commonwealth Caribbean. These territories have similar ideas on a Free Trade Area and thus have signed an agreement to this effect. In the meantime, invitations were extended to other Commonwealth Caribbean territories which agreed in principle to such an association. However, only the above three named territories, together with Trinidad and Tobago, have signed the agreement in May 1968 to bring into being a Caribbean Free Trade Area.

Thus, we are witnessing a reversal of the roles - Guyana, which was supposed to have been hindering the forward movement to development of the area has been showing every willingness to co-operate, while the other territories have demonstrated reluctance and hesitancy. The two major races - Negro and East Indian - are now living in peaceful co-existence and this is reflected in trade volume, which appears to have recovered from the disturbances of 1962 and 1963.¹⁰

The dual importance of Guyana, to the other Commonwealth Caribbean territories and to Canada might be gleaned from Ahow:

⁸Ibid., P. 152.

⁹John A. Ahow, "Guyana is Expanding Rapidly", Foreign Trade (Ottawa: Department of Trade and Commerce, October 29th, 1966), P. 22.

¹⁰John A. Ahow Ibid., P. 22.

British Guiana, bordering Venezuela on the north east coast of South America and with its vast potential mineral resources and virgin hardwood forests offers perhaps the best possibilities in the south-eastern Caribbean for increasing Canadian exports.¹¹

Ahow has also drawn attention to the growth in economic activity evidenced by the development of the beef and dairy cattle industries, and a banana industry. He mentioned the light industries that were being established in the form of canning and packing factories and the diversification of crops which were receiving government attention.¹²

To the writer this means that, as meaningful efforts are made to overcome the many obstacles to development, the effective industrialization of Guyana no longer seems as remote as Sir Harold Mitchell once thought.¹³

British Honduras

British Honduras, located on the Atlantic side of Central America, covers 8598 square miles, and is classified as a large Commonwealth Caribbean territory. It is the second of the two mainland Commonwealth Caribbean territories to be considered, and is also the second largest Commonwealth Caribbean territory. It was colonized by British settlers from Jamaica in 1638, but this did not put the seal of British ownership on the colony.

¹¹John A. Ahow, "British Guiana", Foreign Trade (Ottawa: Department of Trade and Commerce, November 27, 1965), P. 30.

¹²John A. Ahow, "Guyana is Expanding Rapidly", Op.cit.

¹³Sir Harold Mitchell, Op.cit., PP. 152-153.

There were many disputes over this settlement; however, by the Anglo-Spanish Treaty of 1670 the colony appeared to have been ceded to Great Britain. Nevertheless, there were renewed disputes with Spain over this settlement and these disputes continued for decades until a decisive English victory in 1798. From 1798, British Honduras was administered by a Superintendent under the Governor of Jamaica until it was granted Crown colony status in 1871. Thirteen years later British Honduras ceased being administered through the Governor of Jamaica.¹⁴

The same pattern of administration, that was typical of Great Britain's policy in the Caribbean, was followed in British Honduras. Like Guyana, certain events after World War II disturbed British Honduras' march to political and economic independence. According to Sir Harold Mitchell, these events undermined the well-intentioned British programs for political advancement for British Honduras.¹⁵

The disturbances arose from British Honduras' insistence on maintaining the parity of its dollar with the United States dollar in the face of Britain's devaluation of the pound sterling in September, 1949. British Honduras had insisted upon this once before - during World War II when the pound was devalued - and was successful in maintaining its parity with the United States dollar.

The handling of the controversy brought into sharp focus Britain's

¹⁴Royal Institute of International Affairs The British Caribbean: A Brief Political and Economic Survey (London: Royal Institute of International Affairs, May, 1956), P. 71. This history of British Honduras has not been very clear. Sir Harold Mitchell claims its historical origins are wrapped in uncertainty - see Sir Harold Mitchell, Europe in The Caribbean (London: W. & R. Chambers Ltd., 1963), Ch. XV.

¹⁵Sir Harold Mitchell, Op. cit., P. 162.

policy for her Caribbean territories. Sir Harold Mitchell seemed to think that the whole affair was badly handled,¹⁶ however, he did make an attempt to justify the British action when he stated:

Though it was the only colonial territory to maintain this parity, there were important reasons for doing so. Half of its imports, of which food was an important part, came from the United States, against less than 12 per cent from the United Kingdom. It was a period when agricultural implements and machinery and many other classes of manufactured goods were extremely difficult to secure from Great Britain, whose industry was only slowly recovering from the dislocation of the war. Infrequent shipping services to Great Britain, combined with manufacturers' delays added to the difficulties.

With the sterling pool desperately short of dollars, however, Great Britain considered that the anomaly of one small colony's maintaining parity in its rate of exchange with the United States should cease. In support of this argument, it could point out that the export trade of British Honduras was changing with the rapid rise of a citrus industry which was closely linked to British Market.¹⁷

In a footnote, Sir Harold Mitchell stated:

At the end of World War II, the Ministry of Food made long term arrangements for the supply of orange concentrate to Great Britain. In a period of continuing rationing, this was of considerable importance to the children of the United Kingdom.¹⁸

This writer suggests that the true reason for the insistence for British Honduras' devaluing its currency can be found in the statement of the footnote. Had British Honduras been allowed to maintain its parity with the United States dollar, it would have been much more expensive for Great Britain to purchase these things, (which at this time could have been

¹⁶Ibid., P. 162. (Footnote)

¹⁷Ibid., PP. 161-162.

¹⁸Ibid., P. 162. (Footnote 1).

considered necessities), from British Honduras. He indicated that Great Britain considered the devaluation was likely to make the exports of British Honduras more competitive.¹⁹ The question may be asked: more competitive for whom? Great Britain? Certainly to devalue the currency would have the effect of removing a monopoly on purchase, which the United States would have had since it was able to pay the price. In other words, the effect may have been to put a price ceiling on the goods and to give Britain first choice on these goods as a result of its influence, authority and preferences. To the writer it seems that Sir Harold Mitchell was attempting to rationalize his position when he stated:

On the credit side, the decision to devalue probably helped the citrus industry, though Great Britain was already committed by longterm agreement to take a substantial part of the produce. Important in the long run was the granting to British Honduras of a 15,000 ton sugar export quota under the Commonwealth Sugar Agreement, though a decade was to elapse before the colony could take full advantage of it.²⁰

This writer submits that the depressing effect the forced devaluation had on the price of citrus when Britain had already been committed to purchase might have retarded the growth of the industry, or more lands which would have been devoted to citrus were not brought into cultivation. This contention is supported by the flurry of activities in the 1960's to increase or establish citrus groves²¹ as the price of citrus rose. The writer concludes that, contrary to Sir Harold Mitchell, Great Britain's

¹⁹Ibid., P. 162.

²⁰Ibid., P. 162.

²¹R.H.M. Cathcart, "British Honduras", Foreign Trade (Ottawa: Department of Trade and Commerce, November 2, 1963), P. 23.

action did not help the citrus industry, and Britain did not act in the colony's interest but rather in its own self-interest since British Honduras was never very important in the British economic scheme.²²

The most important economic life of British Honduras is in the interior where the mahogany and chicle trees grow.²³ The importance of the interior is expected to increase as British Honduras approaches the attainment of its objectives of complete political independence and economic viability. British Honduras is preparing to make these successes by a transfer of the capital to a new city being built fifty miles inland from the present capital of Belize. The new capital is to be built in two stages; stage one is planned for completion by 1970, while stage two is expected to commence by 1970 and completed by 1974.²⁴ The Government is engaged in a struggle for economic self-sufficiency through diversification and export trade, mainly in agricultural products, particularly citrus, sugar and beef.²⁵ In addition, it is spending considerable sums on its infra-structure which will provide a boost for commerce, and for the development of the economy.

Thus, we see that the large Commonwealth Caribbean territories are assuming responsibility for their destinies. They are increasing

²²Blanshard, Op.cit., P. 193

²³Ibid., P. 194.

²⁴D.I. Ditto, "British Honduras Builds For The Future", Foreign Trade (Ottawa: Department of Trade and Commerce, October 29, 1966), P. 11.

²⁵Ibid., P. 11.

economic activities, as they proceed with plans for diversification and industrialization, and as they attempt to correct the many obstacles that were lying in the path to their development. In the process, these territories will present to the world at large and to Canada particularly, markets which offer great potentials.

CHAPTER III

THE MEDIUM SIZE TERRITORIES OF THE COMMONWEALTH CARIBBEAN

The Territories of the Commonwealth Caribbean which are classified as medium sized are represented by the islands of Jamaica and Trinidad and Tobago. These islands have land areas in excess of one thousand square miles but less than five thousand.

Jamaica

An idea of the relativity of size is gained from the fact that the medium size territories of the Commonwealth Caribbean were the large ones of the former West Indies Federation. Jamaica and Trinidad and Tobago¹ are the only islands of the former West Indies Federation with strong mineral bases and viable economies. Because of this, the Federation collapsed when Jamaica and Trinidad and Tobago withdrew from it.

Jamaica lies in the Caribbean Sea, to the south of the eastern extremity of Cuba, within North Latitude $17^{\circ}.42'$ and $18^{\circ}.33'$ and west longitude $76^{\circ}.12'$ and $78^{\circ}.24'$. The island was discovered by Columbus in 1494 and subsequently settled by the Spanish. It forms part of the Greater Antilles and contains 4411 square miles not including its dependencies of the Turks and Caicos islands, which are 166 square miles and 100 square miles respectively.

¹Trinidad and Tobago are separate islands within the unitary state of Trinidad and Tobago.

Jamaica is about the best known Commonwealth Caribbean territory due to its history and strategic importance to the European powers in the past centuries. Its fame is also tied to tales of piracy. It had for centuries been the object of fierce rivalry between the European powers, this was especially so in the sixteenth and seventeenth centuries when England and Spain were continually fighting each other for this prized island. It changed hands many times. It was captured by the English in 1655 and finally ceded to England by treaty in 1670.²

What is written about Jamaica can be applied equally to the other Caribbean territories. The land was developed for the sugar industry under the plantation system. Slaves were brought in from Africa to work the plantations as sugar became the most precious commodity. With this one crop economy, Jamaica, like the other territories, became tightly integrated in the trade system of Great Britain. However, with the decline in the importance of cane sugar due to the discovery and large scale production of beet sugar coupled with the abolition of slavery, the prosperity of the island declined also. Thus, the territory became more dependent on subsidies and other types of assistance from Great Britain.³ The discovery of minerals - gold and diamonds - and the attempted diversification of the economy by growing bananas, coffee and citrus made Jamaica less dependent upon Britain than the other islands, with the exception of Trinidad and Tobago. Nevertheless, until the discovery of bauxite in the early 1950's,

²Royal Institute of International Affairs, The British Caribbean: A Brief Political and Economic Survey (London: Royal Institute of International Affairs, May 1956), P. 27.

³Clovis F. Beauregard, "Caribbean: Microcosm of World Struggle", address delivered at the Second Annual Christmas Seminar on National and World Affairs (Puerto Rico: The Inter American University, December 18-23, 1963).

the weakness of the economy, coupled with the tremendous rate of growth of its population, created serious economic, social and political problems. Illiteracy, unemployment and poverty led to exploitation, riots, and the birth of the labour movement in the 1930's. This in turn led to the formation of parties and the movement for independence and full internal self-government.

According to Blanshard:

Jamaica, in fact, with 44 per cent of the population of the British territories, is in many ways more important than all the other British colonies combined, and they have tended to follow Jamaica's lead in political and cultural matters.⁴

Jamaica is not only the largest and most populous of the islands of the Commonwealth Caribbean, but also the most varied in climate.⁵ It is mountainous with the highest peak, the Blue Mountains, lying at the eastern end of the island, rising to a height of 7,402 feet. The island has several lesser mountain chains in the central and northern parts. More than half of the island's land lies above a 1,000 foot elevation and less than 7 per cent is flat land.^{6,7} Jamaica is well watered by rivers and springs, but the land resources are by no means fully utilized according to the report of a survey undertaken by the International Bank for

⁴Paul Blanshard, Democracy and Empire in the Caribbean (New York: The Macmillan Company, 1947), P. 84.

⁵Ibid., P. 84.

⁶Ibid., P. 84.

⁷Flat land is estimated at 20 per cent - see Royal Institute of International Affairs, The British Caribbean: A Brief Political and Economic Survey (London: Royal Institute of International Affairs, May 1956), P. 31. However, the figure of 20 per cent includes swamps.

Reconstruction and Development.⁸ Blanshard⁹ states "this basic fact of topography colors all the life of the people; it makes large-scale agriculture and machine cultivation more difficult, and it also makes the problem of transport more acute".

Blanshard sums up rural Jamaica in three words; sugar, bananas, and coconut. He states that sugar is grown almost everywhere on the island where a few feet of soil can be found that will not slide off into the valley with the first downpour. Bananas are grown on the northern and eastern parts of the island since they require moisture.¹⁰ However, in the generation since Blanshard wrote, a gap has been created and a change in the economy ushered in. Where sugar was the principal crop, bauxite has now taken over. Jamaica is the largest bauxite producer in the world and the leading exporter of alumina.¹¹ Moreover, Jamaica with its diversification drive of the 1950's and 1960's has a more diversified economy than any of the other Commonwealth Caribbean territories. It has entered the manufacturing field, and with the rapid introduction of new industries, manufacturing overtook agriculture as the largest contributor to the gross domestic product in 1960 and has maintained the lead up to the present.¹²

Jamaica was the first to withdraw from the West Indies Federation.

⁸Ibid., P. 31.

⁹Blanshard., op.cit., P. 84.

¹⁰Ibid., P. 86.

¹¹L. D. Burke, "Jamaica Strengthens Its Economy", Foreign Trade (Ottawa: Department of Trade and Commerce, October 29, 1966).

¹²R.W. Blake, "Jamaica", Foreign Trade (Ottawa: Department of Trade and Commerce, November 2, 1963), P. 17.

Various reasons are given for the withdrawal, including inadequate representation--in terms of numbers--in the House of Representatives; fear of retardation in her industrial development; fear of being burdened with subsidizing the smaller, poorer islands; and the questions of freedom of movement and taxation. Without Jamaica, almost half the people and resources of the West Indies were no longer available to the Federation; therefore, Trinidad and Tobago decided to withdraw also, as the responsibility and burden would have been much too great.

Trinidad and Tobago

Trinidad is the second largest island of the Commonwealth Caribbean Islands. Its 1863 square miles have placed it only in the medium size range of territories of the Commonwealth Caribbean. Discovered by Columbus toward the end of the fifteenth century, it remained Spanish for three hundred years. During this time, Spanish rule was nominal, and the island remained undeveloped. Incentives to settle, offered to Roman Catholic foreigners toward the end of the eighteenth century, induced many of these foreigners, including French families driven out by the revolution, to settle in Trinidad.¹³ When the British took over the administration of Trinidad in 1797, after French emigres, Portuguese traders and African slaves had contributed their quota to the small Spanish population;¹⁴ the system of Spanish government and Spanish law remained in force. However, A Council of Advice, established by the first British governor, eventually evolved into the legislative Council that remained in existence up to

¹³Royal Institute of International Affairs, Op.cit., P. 38.

¹⁴Blanshard, Op.cit., P. 108.

1956.¹⁵ Today the island's society is an international mixture of all the world's races and religions.¹⁶

Trinidad, with the small neighbouring island of Tobago now administratively part of it, and forming a unitary state, is the most southerly of the Commonwealth Caribbean islands. Trinidad is separated from the mainland of Venezuela by the comparatively shallow and landlocked Gulf of Paria. It lies only six miles off the South American coast near the Orinoco delta, and is about 1,000 miles from Jamaica. Although slavery was on the decline when England conquered the island, many slaves were brought in to develop the land, and very shortly afterwards the colony was producing some of the great British fortunes. However, with the freeing of the slaves in 1838, Trinidad had the same difficulties in maintaining the plantation system that Jamaica experienced. Trinidad solved the problem by the immigration of East Indians who came as indentured labourers to the plantations, and the whole future of the colony was changed as a result.¹⁷

Trinidad's economic history is one of violent fluctuations in fortune. For a time it was one of the world's great producers of cocoa, which was grown all over the island, both on small plots by peasants and on large estates. However, disaster in the form of witch-broom disease ruined the cacao trees in Trinidad at the same time that the Gold Coast and Nigeria were entering the world market. Today, Ghana (formerly the Gold Coast), and Nigeria produce almost all of the world's supply of cocoa and

¹⁵Royal Institute of International Affairs, Op.cit., P. 38.

¹⁶Blanshard, Op.cit., P. 108.

¹⁷Ibid., P. 110.

Trinidad has not been able to regain its former position.

In 1965 Trinidad had one of the largest trade deficits in the past decade; this deficit was repeated in 1966 and is expected to continue for some time as the island attempts to industrialize and diversify her economy. In the meantime, the pace of development of Trinidad and Tobago has decreased from the rate first achieved in the late 1950's.¹⁸ Prior to this run of deficits, it was one of the two islands (Jamaica being the other) in the region that had surely and consistently balanced its fiscal budget under British rule. It was able to do this through its oil resources. Before the first large oil well was drilled in 1908,¹⁹ Trinidad was one more sugar colony, and an entrepot for South American trade. After the discovery of oil, Trinidad became the first oil-producing country in the British Empire.

Trinidad's staple crops are sugar, cocoa, coconuts, and coffee. However, the natural conditions of the island are excellent for citrus cultivation and this has been expanding.²⁰ More recently it has been written:

The sugar industry, backbone of employment, is in difficulty because of high production costs and the low world sugar prices. Trinidad may benefit from the increased demand and prices for coffee, but it continues to suffer from the depressed world market for cocoa. It is also experiencing problems in

¹⁸David H. Clemons, "Trinidad Offers a Changing Market", Foreign Trade (Ottawa: Department of Trade and Commerce, October 29, 1966), P. 14.

¹⁹Blanshard, Op.cit., P. 108.

²⁰The Royal Institute of International Affairs, Op.cit., P. 41

growing coconuts because of redding disease which affects the trees.²¹

In contrast to Jamaica, Trinidad's landscape is flat and monotonous. Most of the inhabitants live along the western shore in a belt a few miles wide, where the great sugar plantations lie. The eastern shore of the island is wild and rocky, and the sea is so rough that the shore is practically unapproachable. In the southern part are found the great oil fields and the world's largest deposit of pure asphalt.²²

Unlike Jamaica, Trinidad, does not possess any appreciable area of unused potentially productive land.^{23,24} An estimated thirty per cent of the total land surface is suitable for agriculture and more than this is already under cultivation, therefore, any further development will depend on intensive use.²⁵ Although the oil industry contributes more than one third of total government revenue,²⁶ the economy of Trinidad and Tobago is still very dependent upon agriculture. However, industrialization is proceeding apace with encouragement from the government. It is said that

²¹L.D.R. Dyke, "Trinidad and Tobago", Foreign Trade (Ottawa: Department of Trade and Commerce, November 27, 1965), P. 24.

²²Blanshard, Op.cit., P. 109.

²³Blanshard states that Trinidad is still half covered by forests and much less than half of it is under cultivation of any sort. Of course it is 21 years since Blanshard wrote this. See Paul Blanshard, Democracy and Empire in the Caribbean (New York: The Macmillan Company, 1947), P.109.

²⁴Royal Institute of International Affairs, Op.cit., PP. 34-41.

²⁵Ibid., P. 41.

²⁶Ibid., P. 42.

in relation to the size of the island, the stage of industrialization is more advanced than that of Jamaica and that this has been due to the training facilities provided by the petroleum industry.²⁷

The island of Tobago compliments the economic make-up of Trinidad and Tobago as far as the West Indies economy is concerned, for Tobago has many of the tourist attractions which Trinidad lacks. It has no geological kinship with Trinidad, and its political connection dates back less than a century to 1889.²⁸ It was once governed as part of the Windward Islands.

Discovered by Columbus and settled by the Dutch, Tobago is an isolated rural island. It is a low volcanic mountain rising gradually to a height of 1800 feet, more than half covered with forests and still only about one fourth cultivated.²⁹ Its possession was keenly contested as it was considered a valuable prize in the early days of Caribbean sugar production, and it probably changed hands as often as any of the British islands.³⁰ The dispute over this territory went on into the seventeenth and eighteenth centuries between the British, Dutch and French. Finally Britain captured the territory in 1803 and it was ceded to her in 1814. It became a Crown Colony in 1877 and was amalgamated with Trinidad in 1888.³¹

As Britain's last acquisition in the eastern Caribbean it encountered the jealousy of the other sugar producing islands, and sugar

²⁷Ibid., P. 41.

²⁸Blanshard, Op.cit., P. 119.

²⁹Ibid., P. 119.

³⁰Ibid., P. 119.

³¹The Royal Institute of International Affairs, Op.cit., P. 38.

production gradually declined until a general collapse came in 1885. The island tried cacao, cotton and indigo, with very little success. Now it still produces sugar and other export crops, but it has few plantations and most of its land is held by small land holders who grow their own food and raise their own cattle.³²

³²Blanshard, Op.cit., P. 119.

CHAPTER IV

THE SMALL TERRITORIES OF THE COMMONWEALTH CARIBBEAN

The small territories of the Commonwealth Caribbean are Antigua, the Bahamas,¹ Barbados, Dominica, Grenada, Montserrat, St. Kitts-Nevis-Anguilla, St. Lucia and St. Vincent, each of which is less than one thousand square miles.

Until the formation of the West Indies Federation, Antigua, St. Kitts-Nevis-Anguilla, and Montserrat were grouped together in a Leeward Islands Federation. Similarly Dominica, Grenada, St. Lucia and St. Vincent were associated for certain administrative purposes as the Windward Islands. Both groupings were dissolved in order to incorporate the territories into The West Indies Federation. I will deal with these islands under their former groupings.

The Bahamas

The Bahamas are an archipelago of seven hundred islands representing a combined area of 4405 square miles.² The islands extend from Grand Bahama in the north, fifty miles east of Florida, to Great Inagua in the south-east, fifty miles north of the Windward Passage to the

¹The Bahamas is placed in this category in spite of the fact that the total land area of the 29 islands, 661 cays and 2387 rocks which constitute the Bahamas exceed four thousand square miles.

²Foreign Trade (Ottawa: Department of Trade and Commerce, November 27, 1965) P. 18. Elsewhere, the number of islands listed as comprising of the Bahamas is 3000. This discrepancy is due to counting rocks as islands. See Bahama Islands: Report For The Years 1964 and 1965 (London: Her Majesty's Stationery Office, 1967), PP. 92-93.

Caribbean Sea, a distance of seven hundred and sixty miles.³ The islands are not actually inside the Caribbean at all.⁴

The Bahamas were discovered by Columbus in 1492; however, for more than one hundred years, the islands remained Spanish possessions in name only since no attempt was made by the Spaniards to colonize them. Therefore, they remained relatively uninhabited until Britain entered the Caribbean in 1629.⁵

Colonization did not proceed at a swift pace because of the intermittent invasions by Spaniards together with de facto rule by buccaneers. However, in 1718 many notorious pirates were captured and executed as examples to the others. In 1783 the Spanish garrison was driven out.⁶ After this, peace and stability were achieved.

Sugar and slavery were introduced to the Bahamas. However, the islands were never well adapted for the plantation system which needed a mass influx of slaves for large scale production of sugar. Therefore, the islands for some time grew, in addition, sisal, cotton, and pineapples. After emancipation in 1838, the plantation system declined rapidly and with it emigration from England.⁷

When considering land areas and the scarcity of this factor in the Commonwealth Caribbean it is important to note that only fourteen of

³Bahama Islands: Ibid., P. 92.

⁴Paul Blanshard, Democracy and Empire in the Caribbean (New York: The Macmillan Company, 1947), P. 135.

⁵Bahama Islands: Op.cit., P. 94.

⁶Ibid., P. 95.

⁷Blanshard, Op.cit., P. 138.

the twenty-nine major islands of the Bahamas have populations exceeding 1,000 persons.⁸ Even so, the world knows only one, New Providence, where Nassau is located, and where tourists go.⁹ Although tourism is, and probably will remain, the major industry in the Bahamas, every effort is now being made to move the Bahamas politically and economically into the third quarter of the twentieth century by major government projects which include: improvement programs for Nassau harbour, expansion of the telecommunication system, extension to the water distribution system, diversification of the economy, and concentration on manufacturing.¹⁰

Barbados

Barbados is located on the eastern tip of the Antilles Crescent, one hundred miles due east of St. Vincent. It consists mostly of undulating, closely cultivated land. It is a mere 166 square miles; but with approximately 1,400 persons per square mile, it is one of the most densely populated regions of the world.

Barbados was settled by the British in 1627. It is one of the few colonies which never changed hands, and with the exception of Britain, it has the oldest representative assembly in the British Commonwealth. It was for many years the capital of the Windward islands, but since 1885 it has stood alone as a separate colony until the coming of the West Indies Federation in 1958.

⁸Bahama Islands: Op.cit., P. 95.

⁹Blanshard, Op.cit., P. 138.

¹⁰Op. Ho Fatt, "The Bahamas are Booming" Foreign Trade (Ottawa: Department of Trade and Commerce, October 29, 1966), PP. 12-13.

After the dissolution of the Federation in 1962, Barbados attempted, albeit unsuccessfully, to put the pieces of the West Indies Federation together. In November 1966 it achieved independence from Britain. Recently a customs union has been formed in association with Antigua, Guyana, Trinidad and Tobago.

Barbados is not of the same volcanic composition as the Windward Islands and Leeward Islands. It is an island of sandstone and coral limestone. The inhabitants depend for their livelihood almost entirely upon sugar and the island is cultivated with sugar cane to the last inch of available soil.¹¹ Thus "the single crop economy" which loosely describes the Caribbean is especially appropriate to Barbados. The island is more exclusively a sugar colony than any other in the region, with the exception of Antigua.¹²

The Leeward Islands

The Leeward Islands of Antigua, St. Kitts-Nevis-Anguilla, and Montserrat are situated on the north-eastern shoulder of the lesser Antilles and total 342 square miles. Like the other territories, these islands were discovered by Columbus and were once rich and important. Consequently, there were many battles for these islands and they changed hands many times. After various periods of French rule, Antigua was ceded to Britain in 1666, and St. Kitts and Montserrat were ceded in 1783.

The Leeward islands constituted the first federation in the western hemisphere. However, with the abolition of slavery and the

¹¹Royal Institute of International Affairs, The British Caribbean: A Brief Political and Economic Survey (London: Royal Institute of International Affairs, May, 1956), P. 47.

¹²Blanshard, Op.cit., P. 149.

decline of sugar, the islands lost their importance and have been neglected thereafter by Britain.

Antigua is the best known of the islands comprising the group. It is the largest and was the capital of the federation before the dissolution to make way for the West Indies Federation.

With the demise of the West Indies Federation, Antigua tried to keep alive the idea of a Federation in the Caribbean by combining with the other seven islands, namely Barbados, the other Leeward Islands and the Windward Islands, into a "Little Eight" Federation. Here an obstacle was placed in the path by way of Grenada's insistence on joining Trinidad and Tobago. Thus that idea died also. Today Antigua is tied to Britain in Associate Statehood. It is also a member of the first Commonwealth Caribbean customs union.

Fifty miles west of Antigua is St. Kitts which was the first island to be systematically colonized by the British.¹³ It lies two miles away from Nevis and sixty miles south of Anguilla. St. Kitts-Nevis-Anguilla were represented as a unitary state in the Leeward Islands Federation, and in the West Indies Federation.

Today, these three islands are still joined as a unit in Associate Statehood with Britain. They are administered as a unit and in the economy St. Kitts produces sugar, Nevis supplies cotton, and Anguilla mines salt.

Finally, Montserrat is twenty-seven miles south west of Antigua. The island is very small and mountainous. No government of the territories is more conscious of its island's limitations than the government of this

¹³Blanshard, Op.cit., P. 179.

island:

Montserrat has few natural resources. No minerals have yet been discovered in commercial quantities; there are no great forests or rivers, and flat land to permit an easy mechanization of farming or even to build a large airport is absent. The coastline is not embayed so beaches are few and natural harbours non-existent; whilst the precipitous hillsides running into the sea mean that fishing banks are also few in number.¹⁴

Montserrat is still the largest producers of sea island cotton in the Commonwealth Caribbean, although today, its production represents approximately one-eighth of the more than one million pounds produced in 1935.¹⁵ The island produces sugar, bananas, limes and vegetables.

One of the gravest problems of Montserrat, as well as the other Commonwealth Caribbean territories, has been inadequate communications. The government has embarked upon a development plan to remedy this defect. It has allocated two million dollars for port and airport development.¹⁶

Another plan of the government, worthy of note, is the purchasing of large estates held by absentee owners and the reselling of these estates in smaller parcels to small holders for land settlement.¹⁷

The Windward Islands

Dominica, St. Lucia, St. Vincent and Grenada, are the four major islands of the Windward Islands. They were all held by France before Great Britain gained possession of them in the late eighteenth and early nine-

¹⁴Montserrat Development Plan 1966-70, P. 55.

¹⁵Ibid., P. 90.

¹⁶Ibid., P. 55.

¹⁷Blanshard, Op.cit., P. 188.

teenth centuries. They are located in the lesser Antilles and are mountainous, well watered and of volcanic origin. The islands are very picturesque and the soils very fertile. Hence agriculture and tourism have been, and are likely to remain the mainstay of the economy.

Prior to the West Indies Federation, the islands were joined together for some administrative purposes. However, the relationship was a rather loose one. The Windward islands, unlike the Leeward islands, had no federal legislature. Each of the four major islands has appointed administrators who served as local Lieutenant Governors.¹⁸

After the demise of the West Indies Federation each island of the Windward Islands was given advanced political status but not independence. Today each island has almost complete internal self-government, but Britain is responsible for foreign affairs and defence. This arrangement can be dissolved by the islands.

Although Dominica has almost no coastal plain where sugar can be grown under normal conditions Britain had persisted in a policy of sugar production like the other islands. However, Dominica has been concentrating in the past twenty years on the production of other crops such as bananas, citrus, and lime juice.

Approximately four-fifths the size of Dominica, St. Lucia is the second largest of the Windward Islands. The island is the last bastion of the plantation system but steps are being taken to put land reform programs into operation. In Canadian terms, St. Lucia is the most bilingual and bicultural of the islands. Its location just south of Martinique

¹⁸Ibid., P. 158.

has made it a natural French satellite.¹⁹ About one half of its more than one hundred and fifty thousand acres is suitable for agriculture, but this provides employment for the majority of its inhabitants. Unemployment is extremely high here as in the other Windward islands. Sugar, with its by-products of molasses and rum, has been overtaken as the principal export by bananas, copra, coconuts and citrus.

St. Vincent is smaller than St. Lucia (being eighteen miles long and eleven miles wide), but it has a history, economy and administration very similar to the latter. The plantation system has left its mark here as it did in the case of St. Lucia. St. Vincent is still largely an island of estates, but it has a larger proportion than St. Lucia of small holdings cultivated by peasants.²⁰ It is the world's largest producer of arrowroot. In addition, it produces bananas, copra and coconuts.

Grenada is the smallest of the Windward Islands, but is also the richest of these poor territories. It is the most densely populated, and was the former capital of the group. Like the other islands, it is mountainous and heavily forested. Grenada had been in the vanguard of economic and political development for a number of years but in the last two decades has declined into relative isolation and obscurity.

The history of Grenada is similar to that of the other islands where the French held on long enough during the seventeenth and eighteenth centuries to make a profound impression upon the culture of the inhabitants. Like all of the other islands, the constitutional advancement is

¹⁹Ibid., P. 162.

²⁰Ibid., P. 167.

one of progress before slavery; retardation after emancipation as Crown colony status is substituted for representative government; stagnation as the clutches of colonialism and imperialism tightened; and finally advancement to internal self government.

The economy of Grenada is also similar to the other islands in the group. The chief crops are bananas, cocoa, nutmeg and citrus. The island is very dependent upon tourism.

After the dissolution of the West Indies Federation, through the withdrawal of Jamaica and Trinidad, Grenada stymied the efforts of the remaining seven territories to form a 'Little Eight Federation' - Grenada was set on joining in unitary statehood with Trinidad and Tobago instead of federating with the 'little seven'. When no agreement could be reached on a federation plan for the small Commonwealth Caribbean territories, they each in turn sought their own political independence.

Following its decision to grant independence to Barbados, the British Government offered the Leeward Islands and Windward Islands full internal self-government, headed by a Premier or Prime Minister. This kind of constitutional arrangement with the islands is known as 'Associate Statehood'. It leaves Britain with responsibility for their external affairs and defence and the islands have the right to amend their constitution and to declare complete independence. There are grave doubts that these islands will attain complete independence outside a Federation and without dependence upon assistance from richer countries.²¹

²¹John A. Ahow, "Leeward and Windwards Face Problems", Foreign Trade (Ottawa: Department of Trade and Commerce, October 29, 1966) PP. 16-17.

CHAPTER V

CANADA-COMMONWEALTH CARIBBEAN TRADE

Commonwealth Caribbean's Trade

Canada maintained third place both in imports and exports in Commonwealth Caribbean trade for the decade 1957 to 1967. In the early 1960's it was expected that Canada would improve its position due to its proximity to the Caribbean market, the gradual separation of ties between Britain and the territories, the lack of commitment to any group or blocs, as in the case of the United States; and, by no means least, Canada's goodwill built up by its aid programs which surpassed any aid given by Britain or the United States.

However, with the break up of the West Indies Federation in 1962, and the movement of the islands to separate independence, no gains in the standing of Commonwealth Caribbean trade for Canada have been recorded. This does not imply that there were no gains in absolute terms. In fact, such gains were achieved. Nevertheless, one aspect of the Canada-Commonwealth Caribbean trade, at least has not been very buoyant.

Commonwealth Caribbean exports to Canada rose a mere 11 per cent in the decade: from \$80 million Canadian in 1957 to \$89 million Canadian in 1967.¹ On the other hand, during that time, Canada's exports to the Commonwealth Caribbean almost doubled: from about \$51 million

¹See Table Five-1.

Table Five-1

COMMONWEALTH CARIBBEAN - CANADA TRADE

Value of Canadian Imports from the Commonwealth Caribbean Territories 1961-1967

<u>Exporting Country</u>	(Canadian \$. million)						
	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>
JAMAICA	38.5	39.7	51.5	47.9	36.0	37.3	31.9
GUYANA	23.0	23.4	31.3	35.7	22.5	29.1	29.6
TRINIDAD AND TOBAGO	14.4	14.1	15.9	20.7	16.7	16.1	18.8
BARBADOS	5.0	3.2	4.0	3.9	3.0	2.3	3.1
BRITISH HONDURAS	0.7	0.6	1.7	1.9	1.2	1.5	1.9
LEEWARD AND WINDWARD ISLANDS	1.3	1.7	2.2	1.0	0.8	0.9	1.4
BAHAMAS	0.5	0.2	0.4	0.4	0.5	1.2	2.2
	<u>83.4</u>	<u>82.9</u>	<u>107.0</u>	<u>111.5</u>	<u>80.7</u>	<u>88.4</u>	<u>88.9</u>

Source: Extracted from Commonwealth Caribbean-Canada Conference, July 6-8, 1966 (background papers prepared by Canada and Commonwealth Caribbean Governments) for period to 1965. Figures for 1966 and 1967 compiled from data supplied by the Department of Trade and Commerce, Ottawa.

Canadian in 1957 to \$101 million Canadian in 1967.² Moreover, during this period Canada's trade position emerged from the "red" to a surplus commencing in 1965.³

In the first few years, 1957-1960, trade between the Commonwealth Caribbean and Canada declined not only in dollar value but also in percentage terms. From 10.6 per cent of the total Commonwealth Caribbean imports in 1957, Canadian exports to the area declined to 9 per cent by 1960. At the same time, Commonwealth Caribbean exports to Canada declined from 14.4 per cent in 1957 to 12.2 per cent by 1960.⁴ However, from 1960 trade began to pick up once more in dollar terms as it climbed back to the 1957 high. Nevertheless, this achievement in dollars did not correspond to a similar one in percentage of the market, because, Canada did not attain its 1957 percentage share of the market.

The relative decrease in trade (in percentage terms) between Canada and the Commonwealth Caribbean in both directions has many lessons for the future of two trading partners which are largely dependent upon trade for growth and development. They should not take each other for granted and must continually re-evaluate their markets. This is especially important in view of the fact that during the period the United Kingdom fared little better. However, the United States gained some ground, even though all three major trading partners of the Commonwealth Caribbean have

²See Table Five-2.

³See Figure Five-1.

⁴See Table Five-3.

Table Five-2

COMMONWEALTH CARIBBEAN - CANADA TRADE

Value of Canadian Exports to the Commonwealth Caribbean Territories 1961-1967

<u>Importing Country</u>	(Canadian \$. million)						
	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>
JAMAICA	19.0	22.0	22.3	28.9	30.3	33.5	39.1
TRINIDAD AND TOBAGO	18.4	14.8	16.2	17.8	21.5	23.3	20.1
GUYANA	5.3	5.1	5.1	7.1	7.8	9.9	12.1
BARBADOS	4.0	4.5	5.5	8.9	6.8	8.1	8.4
BAHAMAS	3.8	5.0	6.1	9.0	9.3	10.8	10.2
LEEWARD AND WINDWARD ISLANDS	4.8	5.6	6.6	8.0	8.0	8.8	9.7
BRITISH HONDURAS	0.6	0.8	0.7	1.0	1.1	1.0	1.2
	<u>57.9</u>	<u>57.8</u>	<u>62.5</u>	<u>80.7</u>	<u>84.8</u>	<u>95.4</u>	<u>100.8</u>

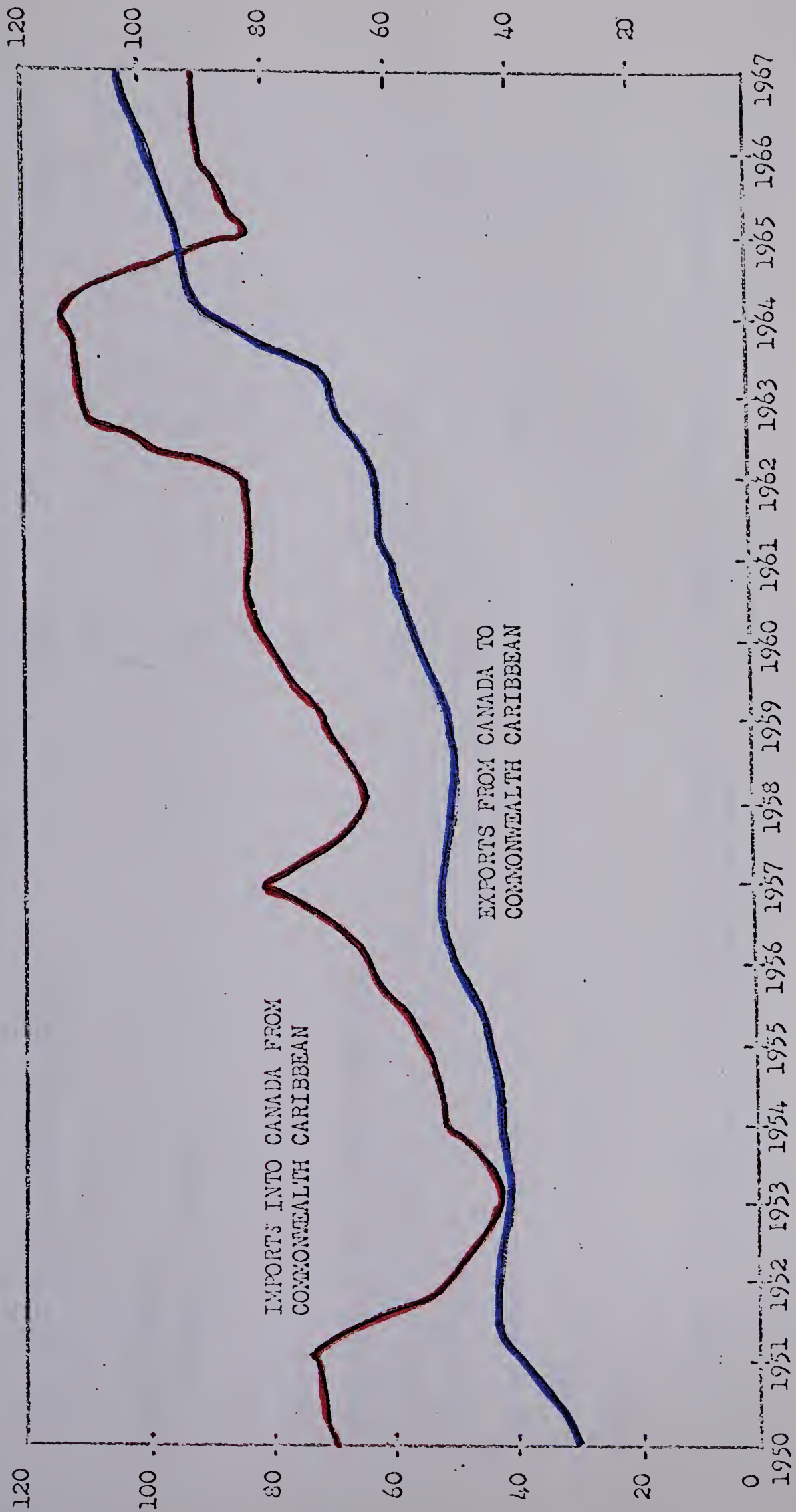
Source: Extracted from Commonwealth Caribbean-Canada Conference, July 6-8, 1966 (background papers prepared by Canada and Commonwealth Caribbean Governments) for period to 1965. Figures for 1966 and 1967 compiled from data supplied by the Department of Trade and Commerce, Ottawa.

FIGURE FIVE-1

Million
Canadian
Dollars

CANADA'S TRADE WITH
COMMONWEALTH CARIBBEAN COUNTRIES 1950-1967

Million
Canadian
Dollars



Source: Dominion Bureau of Statistics and the author's computation from statistics supplied by the Department of Trade and Commerce for 1966 and 1967.

Table Five-3

MAJOR TRADING PARTNERS OF THE COMMONWEALTH CARIBBEAN 1957-1959

	<u>1957</u>	<u>1958</u>	<u>1959</u>
<u>Total Commonwealth Caribbean Imports</u> (<u>\$ million B.W.I.</u>) of which (% of total)	782	840	907
United Kingdom	38.2	36.7	35.1
United States of America	17.4	16.5	15.9
Canada	10.6	9.0	9.0
Others	33.8	37.8	40.0
<u>Total Commonwealth Caribbean Exports</u> (<u>\$ million B.W.I.</u>) of which (% of total)	693	703	724
United Kingdom	39.5	34.1	38.3
United States of America	12.6	22.0	18.5
Canada	14.4	9.7	12.2
Others	33.5	34.2	31.0

Source: 1957-1959 - A Free Trade Area between the West Indies and Canada, paper prepared by the Commonwealth Caribbean Governments. P. 1.

been exposed to increased competition from European and Asian countries.⁵

Perhaps it will be useful, for an analysis, interpretation and understanding of Canada-Commonwealth Caribbean trade, to examine major commodities for each territory.

Before such detailed examination, it may prove informative to look at the relationship of the top three Commonwealth Caribbean suppliers, in the period 1957-1959, to realize the importance of each supplier of the different commodities. Table Five-4 shows the United Kingdom, the United States, and Canadian market shares in Commonwealth Caribbean imports by commodities. By calculating the percentages in this table, the value of Commonwealth Caribbean imports from each supplier in each commodity group may be computed in dollar terms.

Because Table Five-4 shows details for the Commonwealth Caribbean as a whole, the fact that Canada supplies a higher proportion of the total imports of the smaller islands is concealed in the aggregate data. In most of the small islands, Canada ranked second to Britain in 1957-1959. Thus in Barbados, for example, Canada supplied between 12 per cent and 15 per cent of total imports, compared with the United States' 9 per cent to 12 per cent during the same period, and Canada's gap widened in most of the Leeward and Windward Islands.⁶ This lead, especially in Barbados, was short lived. In the early 1960's the United States overtook Canada in this market.

⁵"A Free Trade Area Between the West Indies and Canada" (Paper prepared by The Commonwealth Caribbean Governments), N.D., P. 2.

⁶Ibid., P. 3.

Table Five-4

COMMONWEALTH CARIBBEAN IMPORTS FROM THE U.K., THE U.S.A., AND CANADA

Total Imports from U.K., U.S.A. and Canada (B.W.I. \$ million) of which	1 9 5 7			1 9 5 8			1 9 5 9					
	share in percentage			share in percentage			share in percentage					
	Total	U.K. %	U.S.A. %	Total	U.K. %	U.S.A. %	Total	U.K. %	U.S.A. %			
	516.7	57.9	26.1	16.0	522.0	59.1	26.4	14.5	543.0	585.1	26.4	15.1
Food	90.6	16.8	34.8	48.5	93.0	17.3	36.5	46.2	97.4	16.7	35.8	47.4
Beverages and Tobacco	12.8	57.0	10.9	32.0	14.0	59.3	10.7	30.0	15.2	59.2	10.5	30.3
Crude Materials	12.0	13.3	57.5	29.2	11.4	14.0	52.6	33.3	11.4	12.3	53.5	34.2
Minerals Fuel and Lubricants	9.4	46.8	47.9	5.3	10.6	39.6	60.4	0	11.1	44.1	55.9	0
Animal and Vegetable Oils and Fats	1.5	60.0	20.0	20.0	1.7	35.3	29.4	35.3	1.7	52.9	47.1	35.3
Chemicals	39.7	72.3	19.4	8.3	44.7	69.4	22.4	8.3	46.4	74.1	20.0	5.8
Manufactured goods classified by material	151.8	72.7	18.1	9.3	143.6	73.3	19.2	7.5	143.7	72.1	19.6	8.3
Machinery and transport Equipment	150.0	65.4	29.1	5.5	148.3	70.7	25.9	3.4	153.8	70.3	25.7	4.0
Miscellaneous manufactured goods	43.5	67.4	22.3	10.3	49.8	66.1	24.3	9.6	55.2	63.2	26.8	10.0
Miscellaneous transactions	5.5	61.8	32.7	5.5	5.3	67.9	26.4	5.7	6.7	61.2	29.9	9.0

Source: Commonwealth Caribbean Governments, "A Free Trade Area between the West Indies and Canada", PP. 4-5 - Table II.

Writing in Foreign Trade, November 2, 1963, Robert F. Renwick

states:

Total trade of the Leeward and Windward Islands has over the past few years been increasing, with commodity imports exceeding exports and with the deficit largely made up by tourist earnings. Britain is the principal trading partner, supplying from 35 to 45 per cent of the needs of the various islands. In some, either Canada or the United States, is the second most important source of imports. In Barbados, the United States in 1960 for the first time supplanted Canada as the second most important supplier, (she achieved this trade position in British Guyana (sic) and Trinidad years ago).⁷

It is believed that the reason for Canada's better performance in the smaller units is found in the import composition of these units. Here basic agricultural products, especially wheat flour, constitute a large portion of the total imports, and Canada's competitive position is relatively strong in food stuffs. However, as more manufactured goods are beginning to be imported by these units, the U.S.A. is whittling down Canada's slight overall lead.⁸

Therefore, it may be concluded that, since Canada's exports to the Commonwealth Caribbean are comprised of a comparatively high proportion of foodstuffs compared to manufactured and semi manufactured goods; and since the Commonwealth Caribbean has been importing manufactured goods at a faster rate than foodstuffs, then, unless Canada takes advantage of trade expansion opportunities in manufactured goods, where the

⁷Robert F. Renwick, "British Eastern Caribbean: The Trade Picture", Loc.cit., P. 5.

⁸"A Free Trade Area Between the West Indies and Canada", Op.cit., P.3.

market is increasing very rapidly, its share of the market will decline further.⁹

An examination of the products traded will show that certain items in the trade composition are extremely important both to Canada and the Commonwealth Caribbean. Therefore, it will be worthwhile to analyze these to give the reader some idea of their importance for the two regions.

Commonwealth Caribbean exports to Canada during the period 1957-1967 were heavily concentrated on foodstuffs, crude materials such as bauxite and alumina, petroleum and its by-products, rum and cigars. In the early years of the period under review, Canada was second to the United Kingdom in the purchase of foodstuffs, but took very little of the petroleum product group. As the years passed, Canadian imports of crude materials and simple manufactures, such as textiles, accounted for a declining share of total imports. At the same time, a larger proportion of Canada's total imports¹⁰ consisted of fully manufactured goods of a more sophisticated nature. Expansion of manufacturing in Canada has failed to keep up with the demand of the Canadian market.¹¹

In 1967 bauxite and alumina accounted for approximately 48 per cent of the Commonwealth Caribbean total exports to Canada; raw

⁹Kari Levitt and Alister McIntyre, Canada-West Indies Economic Relations (Canada: Private Planning Association of Canada and Centre for Developing Area Studies, McGill University, November 1967), P. 65.

¹⁰See Table Five-5.

¹¹Commonwealth Caribbean-Canada Conference, Ottawa, July 6-8, 1966 (Ottawa: District General B/2, June 1, 1966), P. 18.

sugar accounted for a little over 10 per cent; crude petroleum contributed 9.5 per cent; molasses rose to 4.3 per cent; rum rose to 2.8 per cent; and fruit juices declined slightly to 1.1 per cent.¹² Therefore, six commodity groups accounted for approximately seventy six per cent of the Commonwealth Caribbean exports to Canada.

The high percentage of bauxite and alumina in the trade composition holds some uneasy and disturbing features for the two regions. This unsettling feature, where increases or decreases in trade hinge upon the performance or demand for alumina, showed up as early as 1958-59 when Canada's share in the total export of alumina fell due to a contraction of demand caused by a recession in Canada.¹³ In a sense, history may have repeated itself in a different form in the Caribbean region, for the same unstable position was experienced, when sugar held a similar position. In any event, Commonwealth Caribbean exports to Canada have always been very limited. For example, less than ten products accounted, in 1959, for over 98 per cent of the total Commonwealth Caribbean exports to Canada. These products were unrefined sugar, 35.5 per cent; alumina, 35 per cent; crude petroleum, 14.6 per cent; syrup and molasses, 4.2 per cent; fuel oil, 3.9 per cent; cocoa and cocoa butter and paste, 2.8 per cent; and rum, 2.3 per cent.¹⁴

In dollar terms, bauxite and alumina exports to Canada totalled a little more than \$49.5 million in 1966, an increase of \$5.7 million.

¹²See Table Five-6.

¹³"A Free Trade Area Between Canada and The West Indies", Op.cit., P. 14.

¹⁴Ibid., P. 18.

Table Five-5

CANADA'S IMPORTS - SELECTED YEARS

Canadian Imports From:	As percentage of Total Imports		
	<u>1961</u>	<u>1964</u>	<u>1965</u>
United Kingdom	10.7	7.7	7.2
Other Commonwealth (including other preferential Tariff countries)	5.1	5.4	4.3
United States	67.0	69.0	70.0
All other Countries	17.2	17.9	18.5

Source: Commonwealth Caribbean-Canada Conference, Ottawa, July 6-8, 1966.
(Ottawa: District General B/2, June 1, 1966), P. 18.

Table Five-6

COMMONWEALTH CARIBBEAN - CANADA TRADE

Selected Items Exported to Canada 1961-1967

(Canadian \$. million)

	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>
Bauxite and Alumina	12.6	15.3	47.3	47.0	43.8	45.5	48.3
Raw Sugar	17.2	13.4	41.8	43.5	17.2	16.4	10.4
Crude Petroleum	9.0	9.6	7.2	9.6	8.9	8.4	9.5
Molasses	2.6	2.3	4.8	3.2	2.4	2.9	4.3
Fruit Juices	-	-	1.2	2.4	1.1	1.4	1.2
Rum	1.1	0.8	1.0	0.9	1.1	1.7	2.8
Coffee	-	-	0.3	0.5	0.4	0.4	0.5
Nutmeg and Mace	-	-	0.2	0.3	0.4	0.3	0.3
Cocoa Beans	-	-	0.1	0.2	0.3	0.4	0.8
Cocoa Butter	-	-	0.5	-	-	0.2	0.3
Cucumbers, Fresh	-	-	0.2	0.2	0.2	0.2	0.2
Liqueurs	-	-	0.1	0.2	0.2	0.3	0.3
Pigmento	-	-	0.1	-	-	0.2	0.3
	<u>42.5</u>	<u>41.4</u>	<u>104.8</u>	<u>108.0</u>	<u>76.0</u>	<u>72.2</u>	<u>79.1</u>

Source: Extracted from Commonwealth Caribbean-Canada Conference, July 6-8, 1966 (background papers prepared by Canada and Commonwealth Caribbean Governments) for period to 1965. Figures for 1966 and 1967 compiled from data supplied by the Department of Trade and Commerce, Ottawa.

However, in 1967 there was a slight decrease in exports of this commodity to \$48.3 million, a decrease of \$1.2 million.¹⁵

Raw sugar, once the mainstay of the Commonwealth Caribbean economy, was second in dollar earnings. However, export of this item had been declining drastically in value. Export value of sugar to Canada plunged from \$43.5 million in 1964 to \$17.2 million in 1965. It continued downwards in 1966 to \$16.4 million, and fell still further in 1967 to \$10.4 million.¹⁶ A little consolation may be derived from the performance of the by-products of sugar. Exports of molasses to Canada rose from \$2.4 million in 1965 to \$2.9 million in 1966, and increased further in 1967 to \$4.4 million.¹⁷ Exports of rum went from \$0.9 million in 1964 to \$1.1 million in 1965; rose further in 1966 to \$1.7 million and, continued the climb into 1967 to \$2.8 million.¹⁸

Continuing our analysis in dollar terms, the third ranked Commonwealth Caribbean commodity export to Canada is petroleum, all of which comes from Trinidad. In 1965, its \$8.9 million constituted slightly less than three per cent of Canada's petroleum market of \$312.5 million. The following year exports dropped to \$8.5 million in spite of rising imports by Canada. In 1967, however, there was an increase in dollar value to \$9.5 million.¹⁹

¹⁵See Table Five-7.

¹⁶See Table Five-7.

¹⁷See Table Five-8.

¹⁸See Table Five-8.

¹⁹See Table Five-7.

One of the fastest rising Commonwealth Caribbean commodity exports to Canada is citrus juices. The total exports in 1960 of this commodity was \$0.08 million (seventy eight thousand dollars). By 1965, however, exports rose to \$1.02 million. This increase continued into 1966 to \$1.47 million, but showed a minor setback in 1967 when exports totalled \$1.15 million.²⁰

Rising at a somewhat slower rate than citrus juice exports, Commonwealth Caribbean exports of coffee rose from \$0.18 million in 1960 to \$0.48 in 1964. This commodity export dropped in 1965 when exports totalled \$0.40 million. It remained static in 1966 and rose in 1967 to a commodity export total of \$0.51 million.²¹

Another group of commodities that showed a substantial increase in 1967 is that composed of motor gasoline and fuel oils. Until 1966, all the exports of the Commonwealth Caribbean originated in Trinidad. In that year, exports totalled \$2.88 million. In 1967, however, Antigua also began exporting and total exports for 1967 reached \$5.85 million, an increase of more than 100 per cent over 1966.²²

In considering totals, Canadian imports from the Commonwealth Caribbean rose from \$80.9 million in 1965 to \$88.4 million in 1966. It increased slightly to \$88.9 million in 1967, but this represented only two per cent of the Canadian market, a far cry from the eight per cent

²⁰See Table Five -8.

²¹See Table Five-8.

²²See Table Five-7.

Table Five-7

CANADA'S IMPORTS OF SELECTED COMMODITIES 1966 AND 1967

EXPORTING COUNTRY	C O M M O D I T I E S							
	Bauxite & Alumina		Raw Sugar		Petroleum		Gasoline & Fuel Oils	
	1966	1967	1966	1967	1966	1967	1966	1967
British Honduras	-	-	484	1,035	-	-	-	-
Guyana	21,173	21,690	6,416	4,988	-	-	-	-
Jamaica	28,345	26,605	6,227	2,859	-	-	-	-
Trinidad & Tobago	-	5	1,880	970	8,453	9,504	2,878	5,137
Bahamas	-	-	-	-	-	-	-	-
Barbados	-	-	797	586	-	-	-	-
Leeward & Windward Islands	-	-	555	-	-	-	-	718
TOTAL	49,518	48,300	16,359	10,438	8,453	9,504	2,878	5,855

Source: Ottawa: Department of Trade and Commerce - Extracted from Imports by Countries and Commodities.

Table Five-7 (continued)

CANADA'S IMPORTS OF SELECTED COMMODITIES 1966 AND 1967

Exporting Country	<u>Molasses</u>		<u>Rum</u>		<u>Citrus</u>		<u>Coffee</u>	
	1966	1967	1966	1967	1966	1967	1966	1967
British Honduras	-	-	-	-	803	739		
Guyana	663	1,454	142	431				
Jamaica	-	-	359	574	594	152	19	4
Trinidad & Tobago	1,184	1,445	367	386	63	259	378	505
Bahamas	-	-	491	1,163				
Barbados	1,056	849	322	280				
Leeward & Windward Islands	41	609	1	-	5	3		
TOTAL	<u>2,944</u>	<u>4,357</u>	<u>1,682</u>	<u>2,834</u>	<u>1,465</u>	<u>1,153</u>	<u>397</u>	<u>509</u>

Source: Ottawa: Department of Trade and Commerce - Extracted from Imports by Countries and Commodities.

of 1938 and, an even higher figure prior to that.²³

Although the Commonwealth Caribbean exports to Canada are only two per cent of total Canadian imports, the products supplied are extremely important in their respective commodity groups. For example, in the last two years of the 1950's, the Commonwealth Caribbean supplied 30 per cent of Canada's imports of unrefined sugar, more than 30 per cent of Canada's import of molasses, 34 per cent of Canada's import of rum, 67 per cent of alumina, and a very high percentage of Commonwealth Caribbean minor imports, such as nutmeg, arrowroot, and concentrated lime juice.²⁴ These minor imports were major exports of the small Commonwealth Caribbean units²⁵ which are almost wholly dependent upon these exports.

Following almost a two year period of decline Commonwealth Caribbean exports to Canada revived in 1960. After 1960, Commonwealth Caribbean exports to Canada increased at a slower rate than Canadian exports to the Commonwealth Caribbean. By 1965, Canadian exports to the Commonwealth Caribbean had caught up with imports by Canada. In 1966 Canada forged ahead, and in 1967 Canada widened the gap considerably, as it increased its visible trade balance with the region.²⁶

In the case of the small territories of the Commonwealth Caribbean, the total trade with Canada has been increasing over the past

²³Canada Commonwealth Caribbean Conference, A Paper prepared for the Canadian Government (Ottawa: District General, B/2, June 1, 1966), P.18.

²⁴"A Free Trade Area Between Canada and The West Indies", Op.cit., P. 18.

²⁵See Tables A-10 and A-11 in appendix.

²⁶See Figure Five-1.

The Commission has been very fortunate to have had the assistance of the following individuals in the preparation of this report. Their names are listed in the Appendix. The Commission also wishes to express its appreciation to the following individuals for their assistance in the preparation of this report. Their names are listed in the Appendix. The Commission also wishes to express its appreciation to the following individuals for their assistance in the preparation of this report. Their names are listed in the Appendix.

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244 Free Trade Area Between Canada and the West Indies,

pp. 18, 19.

25 See Tables A-10 and A-11 in Appendix.

26 See Figure Five-1.

few years, and within this context, commodity imports are exceeding commodity exports (with Commonwealth Caribbean trade deficits largely made up by tourist earnings).²⁷

This dependency upon tourism is another factor which distinguishes the small, medium and large territories of the Commonwealth Caribbean. The small territories are highly dependent upon tourism to balance their budgets, the medium territories are less so, and large territories are not dependent upon tourism at all.

²⁷Robert F. Renwick, "British Eastern Caribbean: The Trade Picture", Foreign Trade (Ottawa: Department of Trade and Commerce November 2, 1963), P. 5.

Canada's Trade

Canada's exports to the Commonwealth Caribbean experienced their first decline since World War II in 1957. From 1958 onwards, Canada's exports to the area began to climb again.²⁸ Wheat Flour, one of the oldest Canadian export items to the Commonwealth Caribbean, accounted for 23 per cent of the total Commonwealth Caribbean imports from Canada in 1959. Like Commonwealth Caribbean sugar the figure for Canadian wheat represented approximately 70 per cent decrease from the 1930's when it accounted for more than one-third of the Commonwealth Caribbean imports. A companion commodity in trade, salted cod fish, accounted for nearly 10 per cent in 1959. In that same year, raw tobacco constituted 5 per cent of total Canadian exports to the area; canned fish 4.5 per cent; coniferous lumber 3.7 per cent; bacon, ham and salted pork 3.4 per cent; and newsprint 2.7 per cent. These seven product groups together accounted for a little over 52 per cent of all Commonwealth Caribbean imports from Canada.²⁹

During the decade 1957 to 1967 Canada's trade with the Commonwealth Caribbean has changed in composition. For example, wheat flour was overtaken as the largest single Canadian export item by salted and pickled fish in 1967.³⁰ Trade declined both in dollar and percentage terms. Moreover, the extremely wide range of Canadian export has caused a substantial increase both in volume and value, and significant shifts

²⁸See Figure Five-1.

²⁹A Free Trade Area Between Canada and The West Indies, Op.cit., P. 14.

³⁰See Table Five-9.

in composition and direction.³¹

In post World War II trade between the two regions, it was not until 1965 that Canadian exports to the Commonwealth Caribbean surpassed its imports. In that year, Canadian exports increased almost 8 per cent over the previous year. The increase continued in 1966 when exports rose 12.5 per cent mainly through fish, textiles, lumber, tires and tubes, drugs and medicines, refrigerators and parts, poultry feed, soups, potatoes, and aluminum rods, bars and sheets.³² Some of these items recorded minor setbacks in 1967.³³

Canadian exports to the territories increased a further 6 per cent in 1967, but some of the older established commodities declined in dollar and percentage terms, while others increased. In addition, a number of new commodity items were exported, and these helped account for the increase in exports in spite of substantial decreases in old, established commodities.

Canadian exports to the Commonwealth Caribbean are made up of raw material, semi and fully manufactured goods, and foodstuffs. The last mentioned forms a substantial part of the export total, and this is surprising in view of the Commonwealth Caribbean potential for producing foodstuffs.³⁴ The territories have registered growing trade

³¹"Commonwealth Caribbean-Canada Conference." Op.cit.

³²See Table Five-9.

³³See Table A-3 to A-9 in appendix.

³⁴Daniel Guerin, The West Indies and Their Future (London: Dennis Dobson, 1961), P. 18.

Table Five-8

COMMONWEALTH CARIBBEAN - CANADA TRADE

Selected Items of Canada's exports to the Commonwealth Caribbean 1961-1967 (Canadian \$, million)	1961-1967				
	1961	1962	1963	1964	1965
Flour	4.4	4.6	9.0	10.3	11.1
Fish, Pickled, Salted	2.4	2.9	7.4	7.8	7.2
Motor Vehicles and Parts	.7	1.2	2.1	4.5	6.4
Meats	2.0	2.7	4.1	4.8	6.0
Fish Canned	2.5	1.2	2.2	3.3	3.7
Textiles	0.7	0.9	2.7	3.1	1.9
Lumber	1.3	1.5	2.1	2.1	1.9
Newsprint	0.6	0.7	1.5	1.7	1.8
Tires and Tubes	-	-	1.2	1.5	1.7
Milk Powder	0.2	0.3	1.4	1.8	1.6
Other Milk, Evaporated	-	-	-	-	-
Drugs and Medicine	-	-	1.3	1.2	1.3
Refrigerators and Parts	0.2	0.2	0.5	1.0	1.3
Poultry Feeds	-	-	-	0.4	1.2
Whisky	-	-	0.9	1.2	1.1
Soups	-	-	0.8	1.0	1.0
Potatoes	0.6	0.3	1.1	0.9	0.8
Footwear	-	-	0.9	1.0	0.8
Aluminum Rods, Bars & Sheets	-	-	-	0.2	0.7
Iron & steel pipes and tubes	-	-	-	0.2	0.6
Aluminum Fabricated NES	-	-	-	-	-
Pipes, cast iron	-	-	-	-	-
	<u>15.6</u>	<u>16.5</u>	<u>39.2</u>	<u>48.0</u>	<u>52.1</u>
					<u>53.6</u>
					<u>49.0</u>
					<u>8.3</u>
					<u>9.0</u>
					<u>3.4</u>
					<u>4.1</u>
					<u>4.4</u>
					<u>2.6</u>
					<u>2.1</u>
					<u>2.0</u>
					<u>1.8</u>
					<u>1.4</u>
					<u>0.8</u>
					<u>1.8</u>
					<u>0.8</u>
					<u>1.0</u>
					<u>0.6</u>
					<u>0.8</u>
					<u>0.9</u>
					<u>0.6</u>
					<u>1.1</u>
					<u>0.7</u>
					<u>0.8</u>
					<u>0.3</u>

Source: Extracted from Commonwealth Caribbean-Canada Conference, July 6-8, 1966 (background papers prepared by Canada and Commonwealth Caribbean Governments) for period to 1965. Figures for 1966 and 1967 compiled from data supplied by the Department of Trade and Commerce, Ottawa.

deficits partly because of the unbalanced attention paid to industrialization to the neglect of agriculture whereas it is believed that in the latter area some immediate economic improvement could have an important effect.³⁵

In a recent study by the Institute of Caribbean Studies it was noted that:

In itself, as an economist might observe, a deficit in the balance of trade is not too alarming, but when a sizeable amount of the foreign spending secures foodstuff for islands with important agricultural enterprises, then there is some cause for alarm. In Trinidad it has been recently estimated that much of the \$90 million yearly used to import food products could be saved by developing more intensely the dairy, meat, and poultry production of the island.³⁶

The 1967 percentage increase in Canadian export to the Commonwealth Caribbean was not as large as that of Canadian world export. Nevertheless, in monetary terms Canadian export to the Commonwealth Caribbean in 1967 was double that of 1957.³⁷

The geographical division of Canada's exports has changed materially during the decade under consideration, and the United Kingdom and other Commonwealth countries have been absorbing a diminishing share of these exports.³⁸ The United States continued to take much more than half of Canadian exports, and until recently there had not been a

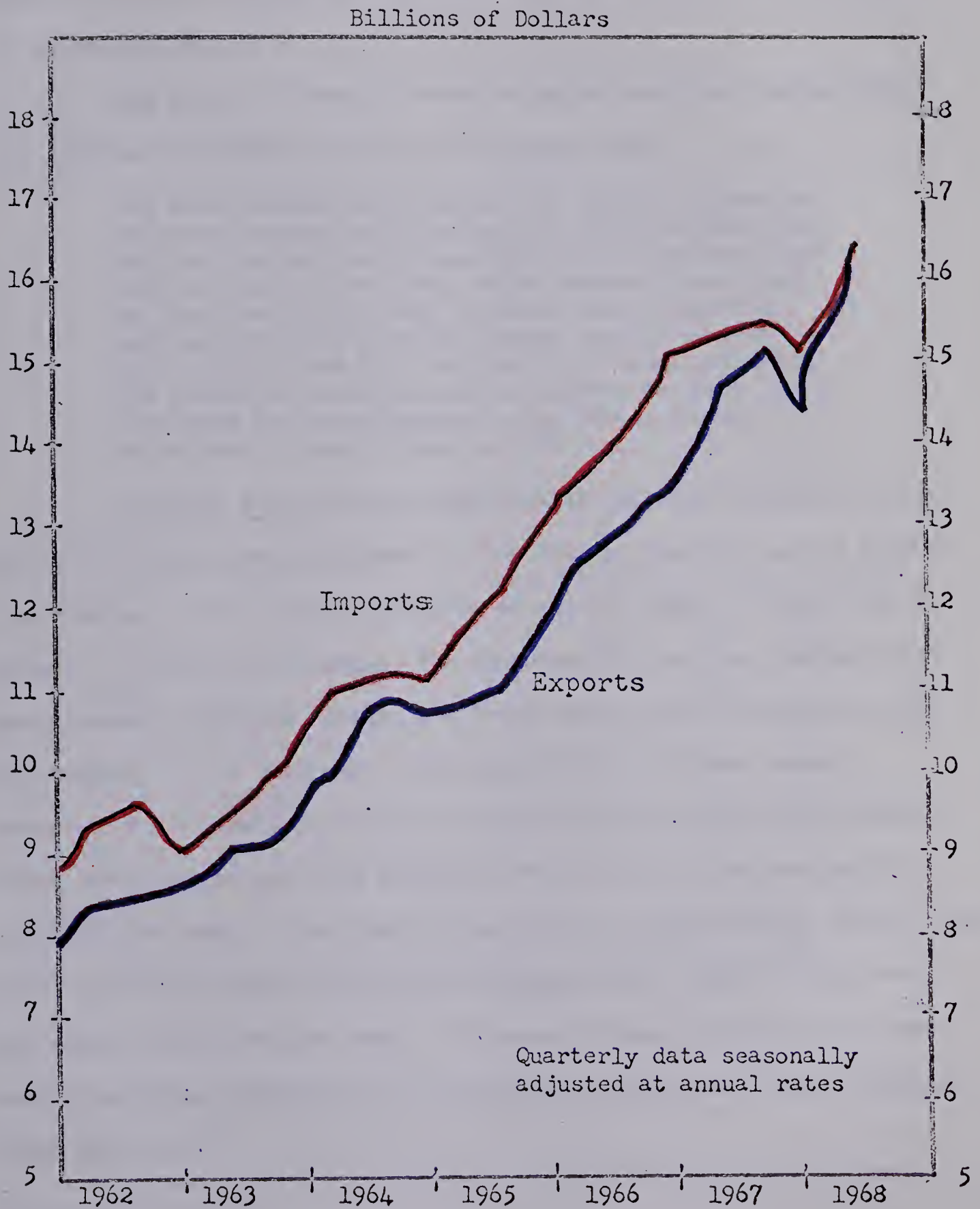
³⁵Institute of Caribbean Studies, Politics and Economics in The Caribbean: A Contemporary Analysis of the Dutch, French and British Caribbean (Puerto Rico: University of Puerto Rico, 1966), P. 189.

³⁶Ibid., P. 189.

³⁷See Figure Five-2.

³⁸See Table Five-9.

CANADA'S TRADE IN GOODS AND SERVICES



Source: Bank of Montreal, "Business Conditions in Canada and the United States" (Montreal: Bank of Montreal, July 31, 1968), P.2.

significant change in the proportion of these exports to the total. Exports to other countries have expanded considerably, both in absolute and relative terms.³⁹

The trend of Canadian trade expansion continued undiminished into 1968 as is evidenced from a most recent report:

The main driving force behind the Canadian expansion in recent months has been exports which for the first half of the year have risen by about 16 per cent over the same period last year, while imports have risen by less than 10 per cent with the result that the merchandise trade surplus widened sharply to over \$500 million from \$155 million in the earlier period. The increase in exports was on balance entirely accounted for by shipments to the United States, which rose by over 25 per cent.⁴⁰

Canadian export to the Commonwealth Caribbean amounted to less than 2% of total Canadian exports. This figure, however, was of greater significance to the Canadian producer of certain items of trade than it appears. In 1965, for example, the Commonwealth Caribbean ranked tenth among Canada's overseas markets and third among Canada's markets in the Commonwealth.⁴¹ In that year, the Commonwealth Caribbean market accounted for a substantial share of total Canadian exports of several items, such as pickled whole mackerel (98 per cent), complete poultry feeds (97 per cent), cured beef (95 per cent), canned herring (94 per cent), corn meal (87 per cent), bed springs (86 per cent), soups (82 per cent), and women's shoes (82 per cent). For some of these products the Commonwealth Caribbean markets are of considerable importance to the individual firms involved.⁴²

³⁹Commonwealth Caribbean-Canada Conference., Op.cit., P. 16.

⁴⁰Bank of Montreal, "Business Conditions in Canada and the United States", July 31, 1968, P.2.

⁴¹Commonwealth Caribbean-Canada Conference, Op.cit., P. 17

⁴²Ibid., P. 17.

Table Five-9

C A N A D I A N T R A D E

Canadian Exports

Canadian Exports to:-	<u>as percentage of total domestic exports</u>			
	<u>1952</u>	<u>1961</u>	<u>1964</u>	<u>1965</u>
United Kingdom	17.4	15.8	14.8	13.5
Other Commonwealth Countries	6.7	5.7	6.1	5.9
United States of America	53.6	54.0	52.8	57.4
All other countries	22.3	24.5	26.3	23.2

Canadian Imports

Canadian Imports from:-	<u>as percentage of total imports</u>			
	<u>1952</u>	<u>1961</u>	<u>1964</u>	<u>1965</u>
United Kingdom	9.0	10.7	7.7	7.2
Other Commonwealth countries	4.7	5.1	5.4	4.3
United States of America	73.7	67.0	69.0	70.0
All other countries	12.6	17.2	17.9	18.5

Source: Department of Trade and Commerce, Ottawa (Commonwealth Caribbean-Canada Conference, Op.cit., PP. 16-18.

CHAPTER VI

THE IMPORTANCE OF TRADE TO CANADA AND THE COMMONWEALTH CARIBBEAN

The Importance of Trade

Historically, international trade has been of major importance in the economic life of both Canada and the Commonwealth Caribbean. In 1964, Canadian exports increased somewhat faster than the world total. This was repeated in 1966 when exports totalled \$10.3 billion. In that year, imports totalled \$9.9 billion.¹

In the past two years, Canada's trade has made tremendous advances. These advances have continued in 1968, and are so generally known that even The Medicine Hat News in an editorial commented upon them:

Canada's trade surplus is reaching rather staggering proportions. It could be as high as one billion dollars for the year.² This would be a new record for peace time.

The editorial went on to point out that the most interesting feature is that Canada, for the first time in a generation, is enjoying a surplus in trade with the United States.³ Canada achieved a similar position with the Commonwealth Caribbean two years earlier. The

¹Dominion Bureau of Statistics, Canada Year Book 1966 (Ottawa: Dominion Bureau of Statistics, 1968), P. 957.

²The Medicine Hat News, Vol. 56, Saturday September 21, 1968, P. 2.

³Ibid., P. 2.

editorial emphasized that this surplus in commodity trade will be good for the Canadian economy and even better for the nation's finances.⁴

Canada will need other nations to take up the surplus that is likely to come about if there is a slow down in trade with the United States and Britain due to these respective countries' government economic measures to decrease imports in order to preserve their balance of payments. Other nations have always played a major part in Canadian trade, and the Commonwealth Caribbean can play an increasing role. The importance of overseas trade to Canada can be gleaned from the editorial:

We have depended on surpluses on our overseas trade to offset deficits in our U.S. trade. Since Britain is under the necessity of holding down her imports, including those from Canada, and thus is putting a squeeze on our export trade in that direction, the sharp improvement in our export-import position with the United States is timely.⁵

A Bank of Montreal newsletter⁶ supports the editorial:

The increase in exports was on balance entirely accounted for by shipments to the United States, which rose by over 25%. Of course, such a high rate of growth of exports cannot be expected to continue since a significant part of the increase was influenced by the copper strike in the United States and hedge-buying of steel in anticipation of a possible strike. Furthermore, the expected slow down in the rate of growth of the United States economy is bound to be reflected in Canadian exports generally.⁷

⁴Ibid., P. 2.

⁵Ibid., P. 2.

⁶Bank of Montreal, "Business Conditions in Canada and the United States", Bank of Montreal (July 31, 1968).

⁷Ibid., P. 2.

The Bank of Montreal goes on to point out:

Canada's strong merchandise export trade was sustained in spite of problems in wheat marketing. In the current crop year this country's share of the total wheat exports of the four major countries involved in such trade fell to 20% from 31% in the comparable period a year earlier. The United States share rose from 47% to 58% but a considerably smaller portion of United States exports has been accounted for by commercial sales than has been usual in recent years.⁸

For more than a century, and up to 1966, wheat flour has been one of the chief Canadian export commodity items to the Commonwealth Caribbean, at one time forming more than one third of that area's dollar imports from Canada. Nevertheless, this commodity item has been slipping for a number of years both in absolute and relative terms because of increased importation from the United States. Wheat is an essential ingredient in the staple diet of the West Indian people and, although the islands have been naturally endowed with a marvellous climate and a fertile soil where almost anything would be able to grow, they are incapable of producing wheat.⁹ Therefore, Canada should strive to regain its market especially with anticipated tightening of imports by the United States and Britain.

Bartering Arrangements

The Commonwealth Caribbean has a few commodity items that are in a similar position to wheat. There is a surplus stock of these

⁸Ibid., P. 2.

⁹Daniel Guérin, The West Indies And Their Future (London: Dennis Dobson, 1961), P. 18.

items¹⁰ at prices established by certain commodity agreements. However, there are indications that other countries have been selling below these prices to Canada. In view of this, the possibility of increased trade with Canada in these items seems remote.

I feel the way should be opened for investigating the possibility of a bi-lateral barter arrangement between Canada and the Commonwealth Caribbean. Such investigations should cover the exchange of wheat for sugar over a five year period. If this could be successfully negotiated, the Commonwealth Caribbean would be able to channel its resources and foreign exchange much more effectively toward the goal of development and industrialization.

An agreement covering the above suggestion would likely increase the volume of trade between the two regions. The Commonwealth Caribbean would be able to spend more dollars on industrial goods which Canada may prefer to sell. However, this pre-supposes no retaliatory measures or restrictions by other countries affected. I must confess that the history of bi-lateral barter arrangement has been such that, wherever they spring up, the whole fabric of international trade seems to breakdown. In fact, it may be stated that one bi-lateral barter agreement tends to lead to others by competing countries. This could set the pattern for trade on a global scale.

Therefore, my recommendation holds many problems and implications for international trade, but I do not feel that the structure of international trade will deteriorate or that bi-lateral arrangements will take the place of open trade. There are extenuating circumstances

¹⁰See Table Six-1.

Table Six-1

SUGAR STOCKS FOR EXPORT, 1967

	<u>Tons</u>
Antigua	4,500
Barbados	189,762
Guyana	330,075
Jamaica	386,288
St. Kitts	32,214
Trinidad	154,154

Source: West Indies Sugar Association quoted in:
 "Canada's Sugar Policy Generating Bitterness",
The Financial Post (Canada: December 2, 1967),
 P. W-5.

and these are summed up in the Commonwealth Caribbean leaders' complaint:

Sales to Canada have dropped from 325,000 tons in 1961 to well under 200,000 this year. We have lost 38 per cent of our business, yet in the last five years South Africa's sales to Canada have multiplied by five.¹¹

Later on they stated:

What we want is an agreement not only for a reasonable price but also for an outlet that is commensurate with our traditional sales to Canada.¹²

If it is still believed that the kind of five-year arrangement that I suggest would lead to other bi-lateral arrangements and would pose a threat to the existence of free international trade, it should be remembered that in 1955 Canada imported 45 per cent of its sugar from the Commonwealth Caribbean. A decade later Canada imported only 30 per cent from the region, although she increased her imports from 676,000 short tons in 1955 to 916,000 short tons in 1965. Today, while Canada has been increasing its imports of sugar from Australia, South Africa, Rhodesia, Fiji and Cuba¹³, the percentage of Canada's sugar imports from the Commonwealth Caribbean area is even less than in 1965.

The risk cannot be discounted that, were Canada to implement such a bi-lateral exchange agreement with the Commonwealth Caribbean, it is entirely possible that Canada's other trading partners who are

¹¹"Canada's Sugar Policy Generating Bitterness", The Financial Post (Canada: December 2, 1967), P. W-5.

¹²Ibid., P. W-5.

¹³"Trade of The Commonwealth Caribbean Countries and Canada" (Background paper prepared by Canada), Commonwealth Caribbean-Canada Conference (Ottawa: June 1, 1966) PP. 4-5.

suppliers of sugar to Canada would retaliate against this arrangement by decreasing imports from the latter as a reaction to her decreased imports of their sugar. Nevertheless, in view of political factors the risk is small. The significance of the economic and political implications on bi-lateral arrangements is an area to be studied. If I can set aside, therefore, the possible political implications of bi-lateral barter arrangements, a successful negotiation of commodity arrangements would give practical results to at least four areas in the protocol to the Canada-West Indies Trade Agreement,¹⁴ namely:

To consult upon request with respect to measures to encourage economic development which might substantially affect the trading interests of the other parties, with a view to avoiding possible damage to those trading interests and to achieve the best use of resources, taking into account the scope for regional co-operation.

To work together in international commodity discussions and arrangements, and particularly to seek to secure and maintain an appropriate and effective price range under a new International Sugar Agreement which will be remunerative to producers and equitable to consumers.

To seek to secure acceptable conditions of access for wheat in world markets in order to bring about increased trade at prices which will be remunerative to efficient producers and fair to consumers, taking into account world food needs.

and

The Commonwealth Countries of the Caribbean undertake in the development of local flour mills to provide fair and equal opportunities for the Canadian industry to participate in their development and for Canada to have a fair and equal opportunity to supply the wheat

¹⁴See copy of Protocol in Appendix B.

requirements of such new mills.¹⁵

Moreover, if Canada wishes to improve its standing as one of the five great trading nations of the world, it will have to devote more time and materials to the less developed countries, in which category the Commonwealth Caribbean falls. Almost three quarters of the less developed countries' exports go to developed countries, principally the United States, the United Kingdom and the European Economic Community. Canada takes less than two per cent of the total less developed countries exports.¹⁶ The importance of trade to Canada can be deduced from the fact that exports have averaged approximately twenty per cent of gross national product,¹⁷ and the ratio of export to production dollar is one to three. Similarly, almost one out of every three dollars of goods consumed in Canada is imported. Moreover, "periods of high prosperity and high employment in the Canadian economy have invariably been periods of rapidly expanding Canadian trade - both of exports and of imports".¹⁸ Therefore, Canada cannot afford to miss out on opportunities for trade, however small in amount this trade may seem at the beginning.

Unlike Canada, the Commonwealth Caribbean depends entirely upon trade for its existence. This dependence is necessarily so because

¹⁵Protocol to The Canada-West Indies Trade Agreement clauses numbered 3,5,7, and 8 - see appendix B.

¹⁶Grant L. Reuber, Canada's Interest in the Trade Problems of Less Developed Countries (Canada: Private Planning Association of Canada, May, 1964).

¹⁷A Statement by the Committee on Canadian Commercial Policy (Montreal: Private Planning Association of Canada, July, 1963), P. 2.

¹⁸Ibid., P. 2.

of an extremely narrow mineral base and, because of the one-crop economies in the majority of the territories. Therefore, without trade of some sort, the standard of living would be abysmally lower than it is at present, and more than three quarters of the people would be out of work and starving.

Given the narrowness of the resource base, sustained economic advance in the West Indies will depend on the ability of the area to draw upon overseas supplies of the wide variety of intermediate and capital goods that will be required to ensure economic growth and appropriate diversification; and no less important is the role of foreign trade in overcoming the limitations of local demand in the tiny domestic markets. Indeed, external trade must serve as the main vehicle for economic progress in the region.¹⁹

But small nations like the Commonwealth Caribbean that depend to such a large extent upon trade for their development possess both unreliable and vulnerable economies which in turn affect the disposition of people to invest in the economy. This vulnerability presents one difficulty in obtaining capital for investment and increased trade. The unreliability and vulnerability stem from the force and uncertainty of the outside environment. These nations lack any form of control or influence over these forces. Thus, their economies are affected by (1) a high level of foreign restrictions (for example, the United States' share of West Indian exports fell from 26 per cent in 1930 to 7 per cent in 1933 as a result of American restrictions);²⁰ (2) sudden and unpre-

¹⁹Kari Levitt and Alister McIntyre, Canada-West Indies Economic Relations (Canada: Private Planning Association of Canada and Centre for Developing Area Studies, McGill University, 1967), P. 3.

²⁰W. Arthur Lewis, Labour in The West Indies: The Birth of A Workers' Movement (London: Victor Gollancz Limited and The Fabian Society, May, 1939), P. 36.

dictable shifts in the level of these restrictions (for example, United States restriction on Commonwealth Caribbean manufactured and semi-manufactured goods, especially textiles and processed bauxite); (3) the growth of bi-lateral trade and payments techniques; and (4) the internal policies of trading partners which may vitally affect the course of economic events. Moreover, non-economic forces (for example, politics) play an important part in the trading relationships of countries today.²¹

In spite of all these features, exports play an important role in the formation of Commonwealth Caribbean countries gross national income. For example, in 1964 Jamaican exports amounted to 26 per cent of the G.N.P.; the equivalent proportion in that year for Trinidad was 64 per cent and for Barbados was 37 per cent.²²

Canada was the only country of the Commonwealth Caribbean top three trading partners which, for a number of years, sold less than it bought from the territories. However, in the past three years the territories have run up deficits in visible commodity trade with Canada. Thus, the Commonwealth Caribbean is now running deficits in merchandise trade not only with Britain and the United States, but also with Canada.²³

²¹Carlyle Lennox Mitchell "The Role of International Trade in Economic Development of Jamaica, 1830's - 1960". Unpublished M.A. Thesis (Edmonton: The University of Alberta, Edmonton, February 1963), PP. 12-13.

²²Trade of the Commonwealth Caribbean Countries and Canada (Background paper prepared by Canada), Commonwealth Caribbean-Canada Conference Ottawa, July 6-8, 1966 (Ottawa: Distr. General B/2, June 1, 1966), P. 10.

²³See Figures Five-1, and Seven-1.

Table Six-2

JAMAICATOURISM - FINANCE 1959 - 1967

<u>Year</u>	<u>Expenditure</u>		<u>Estimated Income</u>	
	<u>Sterling £</u>	<u>Dollar \$</u>	<u>Sterling £</u>	<u>Dollar \$</u>
1959/60	300,000	840,000	10,000,000	28,000,000
1960/61	350,000	980,000	14,400,000	40,320,000
1961/62	350,000	980,000	14,600,000	40,880,000
1962/63	402,000	1,125,600	13,100,000	36,668,000
1963/64	522,000	1,461,600	13,500,000	37,800,000
1964/65	619,000	1,733,200	15,600,000	43,680,000
1965/66	835,000	2,338,000	23,200,000	64,960,000
1966/67	1,025,000	2,870,000	28,000,000	78,400,000
1967/68	1,100,000	3,080,000	28,700,000	79,400,000

Note:- Estimates of Tourist Expenditure have been revised only as far back as 1959. Figures compiled previous to this are therefore not comparable.

Source: Department of Statistics, Jamaica.

These deficits would have meant disaster for the territories had they not been able to acquire considerable amounts of foreign currencies in their tourist trade.²⁴ Because of the importance of tourism, it may be useful to assess W. Arthur Lewis'²⁵ analysis of measures to be taken in order to place and secure the Commonwealth Caribbean economy permanently and prosperously on its own feet.

Professor Lewis dealt with measures to be undertaken to improve the conditions under which the world's sugar is marketed and from which market West Indian sugar is excluded by virtue of its high cost of production and the tendency of other sugar producing countries to dump their supplies on the market. Secondly, he dealt with the fact that American markets should be opened by trade agreements and:

Finally, new sources of revenue must be found to replace the existing staples. It is possible that with care and encouragement fruit growing may become an important industry; also a greater cultivation of foodstuffs and greater attention to the home market would doubtless be profitable and this is bound up with the question of land settlement (in an integrated Caribbean economy this author would prefer to substitute "land use" for "land settlement")...But despite this, it is difficult to feel much confidence in the future of agriculture, and it seems necessary for the islands to seek other means of livelihood. The tourist trade offers some prospects, but seems unlikely ever to become a principal source of

²⁴See, for example, Table Six-2 Jamaica's Tourism-Finance, 1959-1967 and compare the surplus under this heading with deficits in Table Six-3 Trade with the United Kingdom, the United States of America, and Canada.

²⁵W. Arthur Lewis, Labour in the West Indies: The Birth of A Workers' Movement, Op.cit.

revenue. The policy which seems to offer most hope of permanent success is for these islands to follow in the footsteps of other agricultural countries in industrialization. There is scope for refining sugar, making chocolate, utilizing copra, making dairy products, etc.²⁶

In general, Professor Lewis' assessment has been correct; however, there seems to be modifications necessary in light of recent knowledge and practice in small economies vis-a-vis large ones. I agree with Professor Lewis that new sources of revenue must be found, but disagree that these must be found to replace existing staples. I submit that the Commonwealth Caribbean should be built upon a balance of agriculture and industrialization because of the narrow mineral base, and the fact that a substantial part of their imports now consist of foodstuffs which can be grown in the area.

I also agree that greater attention should be devoted to the home market. In fact, I believe that, after an assessment of resources and a chronicle of alternate uses of these resources are done, the starting point for better and more efficient trade is knowledge of and greater interaction in the home market so that a uniform exports of the surplus can take place.

Again, I agree that under present conditions it is difficult to feel much confidence in the future of agriculture. However, I feel that it will be an error to pay less attention to agriculture, while seeking other means of livelihood. Moreover, it seems that tourism can only increase in the future with North Americans acquiring

²⁶Ibid., P. 36.

more affluence and leisure time. Therefore, with the passage of time, Professor Lewis' statement: "tourist trade offers some prospect, but seems unlikely ever to become a principal source of revenue"²⁷ has lost most of its force. Tourist trade is a principal source of revenue for the medium size and small territories of the Commonwealth Caribbean. Moreover, tourism is likely to remain for many decades as an important source of revenue. Nevertheless, greater co-ordination, more co-operation and better understanding among the territories are required to formulate an integrated program to attract more tourist trade. This would eliminate the cut throat competition between the islands and offer the tourist a better travel packet, so that the likelihood of return to the area would be greater.

Finally, Professor Lewis states that:

The policy which seems to offer most hope of permanent success is for these islands to follow in the footsteps of other agricultural countries in industrialization.²⁸

This seems to lose sight of the peculiarity of the region. The territories cannot afford to follow in the footsteps of other agricultural countries. Better results may be forthcoming from a balanced program of agriculture and industrialization.

To be fair to Professor Lewis, his observations and/or suggestions were made nearly thirty years ago; therefore, it is quite likely that he holds different views today.

²⁷Ibid., P. 36.

²⁸Ibid., P. 36.

The Commonwealth Caribbean is now frantically engaged in a program of diversification and industrialization; however, this program is fragmented, and each territory has its own plan. Moreover, the program of diversification and industrialization is not carried out with the needs of the area as a whole in mind. Yet, this seems to be the first pre-requisite to greater use of their resources, and to achieve greater recognition and effectiveness on the world market. The pre-requisite of integration is advocated by everyone:

It's hard to find anyone who doesn't want economic integration. But uttering a principle is vastly different to producing a viable plan for the 13 nations and territories that stretch from the Bahamas to Guyana to form the Commonwealth Caribbean.²⁹

However, the acceptance of integration by all the territories is another matter. This is evidenced by the fact that only four territories are members of the Caribbean Free Trade Association which came into effect on May 1, 1968.

To overcome, therefore, the main problems of the territories' trade with Canada, Britain and the United States, namely, a relative lag or sluggish expansion of demand for their exports together with incomes and price instabilities in their export markets, industrialization is seen as "a way out". However, if it is not carefully thought out and planned, it could present more problems than it solves.

The Commonwealth Caribbean should consider industrialization from the point of view of the benefits to the region as a whole and to

²⁹Paul Gibson, "Islands' Struggle to Integrate is Vital", The Financial Post (Canada: December 2, 1967), P. W-1.

the individual territories. Thus a program of industrialization should be investigated and planned for at the level of the Commonwealth Caribbean and at the level of the individual territories. At the time, these two levels should take into consideration the availability of skills and resources and industrialization for (1) export markets - given the skills and resources this may seem appropriate for the medium size territories; (2) industrialization for home market expansion - this could be the function of the small territories, and (3) industrialization involving a mixture of both - this could be carried out by the large mainland territories. None of these methods, however, provide an easy way out.³⁰ Moreover, it may not be practical or feasible to have this kind of specialization of functions but at least the possibility should be investigated.

In conclusion, the 1939 statement of Professor Arthur Lewis³¹ remains true today:

What has stood in the way of federation (here the reader could easily substitute integration) is not the sea; that is no obstacle in these days of aeroplanes and wireless telephony. The real stumbling block has been the opposition of small local potentates fearful that their voices, all powerful in a small island, will be unheard in a large federation.³²

Of course, this fear should not be justified. The Commonwealth Caribbean needs to listen to all the voices, to examine the ideas and principles, and then to come up with a well integrated plan that can be executed for the betterment of all, so that the whole is greater than the sum of all its parts.

³⁰Carlyle L. Mitchell, Op.cit., P. 25.

³¹W. Arthur Lewis, Op.cit.

³²Ibid., P. 42.

Table Six-3

JAMAICA

VALUE OF TRADE WITH SPECIFIED COUNTRIES DURING THE YEARS
1950 - 1967

YEAR	United Kingdom		United States of America		Canada		Caribbean Commonwealth Countries	
	IMPORTS	EXPORTS	IMPORTS	EXPORTS	IMPORTS	EXPORTS	IMPORTS	EXPORTS
1950	9,599,746	8,705,548	3,192,612	782,321	2,691,404	3,962,414	1,102,538	569,565
1951	12,682,494	10,178,163	6,122,407	1,034,227	4,143,637	3,804,150	1,249,919	785,885
1952	14,921,332	11,959,397	7,726,210	1,525,532	4,637,671	2,552,279	1,568,201	876,824
1953	15,090,661	14,580,224	5,912,342	3,367,204	5,116,313	4,332,744	1,802,095	819,976
1954	15,800,700	16,545,577	6,132,615	4,583,393	4,761,124	5,262,123	2,062,202	611,637
1955	18,381,323	16,813,434	9,515,539	5,460,636	5,457,986	6,605,789	2,377,911	683,019
1956	22,107,998	19,413,370	14,348,252	6,699,486	7,088,158	9,649,016	2,181,370	767,573
1957	25,422,307	18,978,683	15,071,014	11,326,802	8,028,200	14,949,372	2,365,019	1,065,383
1958	24,954,976	17,315,218	13,539,681	14,900,525	6,855,823	9,224,501	2,201,498	1,181,042
1959	24,133,572	15,873,531	14,439,286	12,990,853	7,661,511	11,463,440	2,892,104	1,048,269
1960	26,627,594	17,800,351	18,871,486	14,913,390	7,839,240	13,992,178	3,669,623	1,340,072
1961	24,890,757	16,185,377	18,396,918	22,109,925	7,792,317	12,939,176	3,914,466	1,416,650
1962	23,461,898	17,341,594	22,107,958	25,083,565	8,286,534	11,644,079	4,002,391	2,187,505
1963	20,896,062	21,189,892	24,367,254	23,256,698	8,784,073	17,335,649	4,019,076	1,918,254
1964	25,252,320	22,286,049	31,049,891	27,261,247	10,705,491	16,300,462	3,261,930	2,590,891
1965	25,309,068	20,829,695	32,186,794	29,161,250	11,628,653	11,967,193	2,222,370	3,480,064
1966	25,908,540	21,643,692	42,641,609	30,860,583	12,692,761	12,299,239	1,611,723	4,154,208
1967	25,194,775	21,152,759	48,805,585	32,022,500	14,431,661	11,184,717	1,921,326	3,588,109

Source: Department of Statistics, Jamaica.

CHAPTER VII

BARRIERS TO TRADE

Economic and Non-economic Barriers

There exist both economic and non-economic obstacles to more effective trade between Canada and the Commonwealth Caribbean. Economic barriers are said to include a continuing deterioration of the terms of trade, due to the small size of the territories of the Commonwealth Caribbean which trade on an individual basis rather than as a combined unit.

The non-economic barriers in the case of the Commonwealth Caribbean include: a lack of knowledge of Canadian markets, of the products and of proper marketing methods; political obstacles to integration of the territories; lack of co-ordination and co-operation; inadequate communication and transportation; and a history of psychological conditioning that has stood in the way of changes in attitudes which are essential to facilitate trade.

In the case of currencies as an obstacle, the Canadian currency is hard - involving dollars which have not been experiencing as much difficulties as the soft currency of the Commonwealth Caribbean. The Commonwealth Caribbean currency is tied to the pound sterling, which has been experiencing grave difficulties on the world market in recent years.

The Canadian dollar is worth approximately one and three fifths times the British West Indian dollar due to two post World War II devaluations in the West Indian currency. This situation may be attractive for Canadians purchasing from the Commonwealth Caribbean; however, it is far from a pleasant one for those of the latter region who wish to buy goods from Canada. The attractiveness to Canadians is more apparent than real, and it has not been reflected in Canadian purchases.

In 1965, Canadian imports dropped to \$81 million, a decrease of \$30 million from the previous year. In 1966, imports rose to slightly above \$88 million; however, imports remained almost static in 1967 as the total did not reach \$89 million (Canadian).

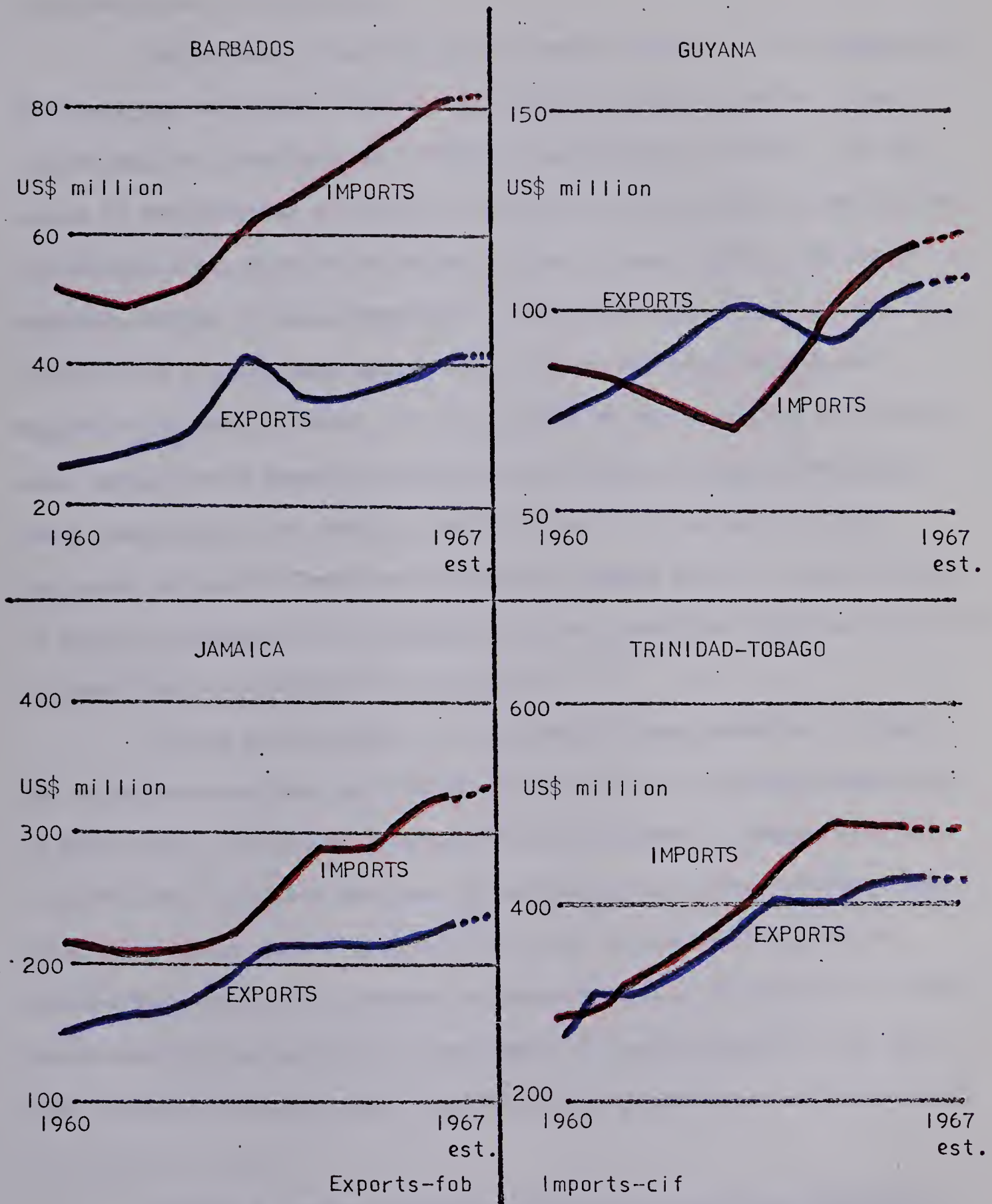
On the other hand, one would have thought that the two post World War II devaluations of the pound sterling, to which Commonwealth Caribbean currency is tied, would have discouraged purchases from Canada. Nevertheless, the reverse has been true. Commonwealth Caribbean imports from Canada have been increasing steadily for the past few years, and the territories now run deficits in trade.¹

In their attempt to increase export trade, the territories comprising the Commonwealth Caribbean have run into a number of barriers. Apart from the fundamentally self-imposed barrier of lack of co-ordination and integration among themselves, a major outside obstacle to their export drive is the inaccessibility of their partly processed or manufactured goods to the Canadian market. Such goods are partially excluded from the market by tariffs, quotas, and other barriers including product inspection, customs valuation, classification of products for dutiable purposes, interpretation of anti-dumping laws, and administrative

¹See Figure Seven-1.

FIGURE SEVEN - I

Trade of Selected Caribbean Territories 1960-1967



SOURCE: The Financial Post, (Canada: December 2, 1967), P.W-9

interpretations and practices.

The effects of tariffs on the export earning of the Commonwealth Caribbean may be gleaned from an examination of their exports. These exports may be classified as: tropical agricultural products, and processed or manufactured products. In the case of the former, Canada does not produce such products as coffee, cocoa, spices, citrus, and forest products such as tropical hardwoods. An elimination of tariffs and other barriers and a guaranteed market could bolster the development and expansion of these products. It is safe to assume that with such assistance, output could expand to equal the new level of demand created by the elimination of the tariffs, with little or no increase in costs. The gains in exports from such action will depend wholly on the increase in quantity demanded as a consequence of the reduction in price occasioned by reductions or elimination in tariffs.²

It may prove useful, in considering these products, to state the objection sometimes put forward that, because the demand elasticity of this range of products is very low, the increase in demand will not be sufficient to offset the loss of earnings due to lower prices. Therefore, given a low demand elasticity and low levels of duty (due to preferential rates) the increase in export earnings as a result of tariff reductions will necessarily be very small.³ Nevertheless, if the fact that internal revenue taxes on some of these products are as high as 150

²Grant L. Reuber, Canada's Interest in the Trade Problems of Less Developed Countries (Montreal: Canadian Trade Committee and The Private Planning Association of Canada, May, 1964), P. 16.

³Ibid., P. 16.

per cent is taken into consideration, then a reduction of both the duty and internal taxes would have a much larger effect on export earnings even if the demand elasticities are small.⁴

In the case of processed or manufactured goods, removal of both quantitative controls and tariffs are necessary if there is to be any significant effect upon exports. Further, both measures are essential to indicate Canada's willingness to receive Commonwealth Caribbean products in these lines. Such a signal would provide a spur to the territories to redouble their efforts to establish exports. Moreover, this action could provide the attraction for foreign capital to be injected into the territories as a consequence of tariff changes.⁵

In assessing the value of tariff reduction or elimination, there are many factors to be taken into account. These factors include existing agreements that will be affected; the purposes tariffs were set up to achieve; the problems that may be solved and/or created; and the short and long term advantages and disadvantages.

In short, there may be both intended and unintended consequences. Thus, Grant L. Reuber⁶ states:

It is probably because there is fairly widespread agreement that the prospects are not very bright for the L.D.C.'s to increase their export earning capacity substantially through multilateral tariff reductions, that in both GATT and UNCTD

⁴Ibid., P. 16.

⁵Ibid., P. 16.

⁶Grant L. Reuber, Op.cit.

a third tariff strategy has been suggested. The essence of this strategy is to create new preferences and to widen existing preferences.⁷

I believe that such a strategy should draw attention to the various problems involved in its implementation and should thoroughly examine the consequences of adopting conflicting measures. It has been stated at the second United Nations Conference on Trade and Development that:

Preferences should be granted for a limited period only and all developed countries should participate in the scheme. Granting of preferences should not be an obstacle to unilateral or multilateral reduction of tariffs on the basis of the 'most favoured nation' clause.⁸

Yet, at the same conference, Robert Winters stated on behalf of Canada:

In the last four years Canada's aid programme has tripled and the Government has introduced a policy of forward commitments up to five years for countries where it had major aid programmes. In 1966, approximately 90 per cent of Canadian aid was in the form of grants and long-term, interest free loans. Government proposed to provide free entry for tropical products in the context of a concentrated move by all industrialized countries concerned.⁹

J.R. Jayawardena, Minister of State for Ceylon, drew attention to the fact that additional measures are also required:

Besides general and non-discriminatory preferences

⁷Ibid., P. 25.

⁸Kurt Waldheim, Minister of External Affairs, Austria, "Statements made by heads of delegations", First Report, beginning of second U.N. Conference on Trade and Development, Far East Trade and Development, March 1968, Vol. 23, No. 3, P. 208.

⁹Ibid., P. 209.

for manufactures and semi manufactures from developing countries, there should be a lifting of differential barriers on processed primary products.¹⁰

The effect of this recommendation, if agreed to and implemented, would be tremendous in terms of revenue for the Commonwealth Caribbean from the bauxite industry.

Economic and trade co-operation between developing countries and developed countries are essential requirements of the modern world. Therefore, it seems unbelievable that the latter countries cannot act in furtherance of this goal without going outside the bounds of such bodies as the United Nations Committee on Trade and Development and the General Agreement on Tariffs and Trade.

This action could silence those who have been arguing that Canada, as a member of General Agreement on Tariffs and Trade could not go outside the agreement and rules of that body. Such a strategy takes into consideration the fact that reduction in trade barriers appropriate to developed countries may not be as effective for underdeveloped countries.

In my view, these less developed countries should be given a special status in keeping with the concept of "Social Justice". Such a doctrine and practice can be justified and defended on the basis of the legal concept of "equity" and the judicial doctrine of "consideration". If the General Agreement on Tariffs and Trade resolution of reciprocity adopted at the Ministerial Conference in May, 1963, is

¹⁰Ibid., P. 209.

interpreted in a similar manner to the doctrine of consideration, then, with regard to trade concessions, these need not be equal as between developed and undeveloped nations. This was explicitly expressed at the United Nations Committee on Trade and Development in 1968.

The above interpretation seems to be implied in one of the resolutions which states:

In the trade negotiations every effort shall be made to reduce barriers to exports of the less developed countries, but that the developed countries cannot expect to receive reciprocity from the less developed countries.¹¹

It is, perhaps, worth repeating that the Canadian Trade Committee found:

It is in Canada's long-term economic and political interests to support the intent of the GATT resolution to ensure that trade negotiations among the Atlantic nations take adequate account of the interest of the less economically advanced nations of the world.¹²

It is also imperative to emphasize another recommendation of that committee:

It is crucially important that negotiations leading to substantial trade barrier reductions should involve commitments which make it virtually impossible for any nation to increase such barriers again.¹³

¹¹GATT Resolution adopted May 21, 1963 - See Canadian Trade Committee, A Statement by The Committee on Canadian Commercial Policy (Montreal: The Private Planning Association of Canada, 1963), P. 12.

¹²Canadian Trade Committee, Canadian Commercial Policy (Montreal: Private Planning Association of Canada, July 1963), P. 8.

¹³Ibid., P. 8.

Because re-adjustment of tariff reduction could easily be nullified by administrative interpretations and unpredictable variations in customs practices, each party must accept responsibility for assuring a reasonable and consistent practice. This will be evidence of a genuine and sincere desire for trade, which can produce long term advantages for the nations involved.

Other barriers to trade with Canada are apparently the fault of the Commonwealth Caribbean. These include: lack of proper knowledge of the Canadian market, credit terms, and facilities; lack of proper skills and marketing methods; and lack of co-ordination and co-operation among the territories. Generally, marketing policy in the Commonwealth Caribbean has been based on individual territory's interests. This individualistic mentality has been the cause of expensive and inconvenient means of transportation. It is also the cause of limited and wholly inadequate channels of communication.¹⁴

There is little doubt that the territories need to set up a single marketing board for the area. If nothing else, this age of tremendous scientific advance and progress should teach us the vital need for inter-dependence between peoples and territories. The benefits of integration to the Commonwealth Caribbean, in the form of wider markets, better communications, improved production techniques, research, and other scientific improvements, can only lead to greater economic,

¹⁴Institute of Caribbean Studies, *Politics and Economics in The Caribbean: A Contemporary Analysis of The Dutch, French and British Caribbean* (Puerto Rico: University of Puerto Rico, 1966), P. 11.

political and social stability, which could profoundly influence the welfare of each and every territory.

The few instances where collaboration has been strong should be increased. It is present in education and in recreation and should now permeate the area of marketing. Expertise has been lacking in this area. I have no doubt that a regional marketing board headed by a Director and aided by three Assistant Directors, one for each territorial grouping, could bring in returns many times the cost of operating this establishment. Each of the Assistant Directors could be responsible for one group of the large, medium or small territories.

These Assistant Directors could be rotated annually; however, the director should cover all the territories. Professional and executive skill would be essential to the success of this project. With the establishment of a marketing board, research departments could be set up in close liason with the Universities of the West Indies and Guyana. One of the functions of the board, apart from policy making could be continuous investigation and updating of a marketing programme. This would entail a study of past and present activities and, anticipation of future requirements.

The lack of unity or integration will continue to hold the progress of the territories in check. It is one of the main obstacles to the implementation of a system of planning for the development of import substitution and increased intra-regional trade, which at the moment plays only a minor role in the total commerce of the region, involving just a few territories and a small number of commodities. For example, Trinidad and Tobago, and Guyana are the only territories

which dispose of more than 10 per cent of their exports in the Caribbean market.¹⁵ Yet, this seems to be the only avenue left open to the Commonwealth Caribbean in view of Canadian and United States tariffs and other barriers. The territories apparently do not really understand the urgency of the matter. They are having large deficits in trade, a substantial portion of which is due to increasing importation of food-stuffs.

Canadian imports from the Commonwealth Caribbean have been fairly static in the last two years, although Canadian imports, in general, have increased. It may be concluded, therefore, in spite of the Commonwealth Caribbean-Canada Conference of 1966, the former's exports to Canada have not met with success, while the latter has been recording gains in its export to the region. Perhaps, the Commonwealth Caribbean should look for its lack of success in lack of integration and existing methods of marketing.

It may be worthwhile for the Commonwealth Caribbean to investigate the various complaints, and to undertake a planned programme to discover and keep in touch with consumers tastes and requirements. From such research the territories would be better placed to supply the needs of the Canadian market. Even after this, however, it may be necessary to embark upon numerous advertising campaigns to gain a niche in this market.

Another area for concentration by the Commonwealth Caribbean would be the establishment of agencies in the various provinces. These agencies, while working in conjunction with Ottawa and Montreal, should

¹⁵See Table Seven-1.

Table Seven-1

COMMONWEALTH CARIBBEAN TERRITORIES INTER-REGIONAL TRADE

<u>Exporter</u>	I m p o r t e r (W.I. \$'000)										<u>Total Imports</u>		
	<u>Jamaica</u>	<u>Trinidad Tobago</u>	<u>Guyana</u>	<u>British Honduras</u>	<u>Barbados</u>	<u>Antigua</u>	<u>Montserrat</u>	<u>St. Kitts- Nevis</u>	<u>Dominica</u>	<u>St. Vincent</u>		<u>St. Lucia</u>	<u>Grenada</u>
Jamaica	-	12,518.6	4,091.2	918.4	72.9	2.6	.....	0.1	5.4	2.5	33.9	0.2	17,645.8
Trinidad/ Tobago	1,282.0	-	8,254.1	10.4	259.4	32.5	.....	18.3	210.4	615.3	1093.2	102.6	11,878.2
Guyana	414.3	8,569.4	-	1.4	314.5	.....	.....	n.a.	2.7	19.5	38.7	9.9	9,370.4
British Honduras	792.7	821.3	6.9	-	3.3	.....	.....	.....	.....	.....	.....	.....	1,624.2
Barbados	562.0	5,704.3	2,693.1	4.0	-	9.1	.....	50.5	375.9	688.6	93.5	9.7	9,684.9
Antigua	275.9	3,140.9	521.9	4.8	410.0	-	.....	12.4	42.1	1.9	41.5	16.7	4,468.1
Montserrat	54.6	197.2	21.9	.....	78.0	7.1	.....	n.a.	0.4	1.9	2.5	.....	363.6
St. Kitts-Nevis	232.9	1,214.1	n.a.	.....	476.8	26.1	.....	-	12.6	2.6	17.8	.....	1,982.9
Dominica	128.4	823.6	211.5	0.1	539.5	0.8	.....	8.0	-	10.2	.....	5.6	1,727.7
St. Vincent	52.0	1,857.1	389.8	.....	572.8	.....	.....	29.1	0.2	-	10.9	7.7	2,919.6
St. Lucia	174.2	1,343.6	236.8	.....	720.8	1.7	.....	1.4	2.3	25.5	-	22.3	2,528.6
Grenada	95.7	1,808.7	392.7	.....	464.8	.....	.....	70.2	1.3	8.9	11.1	-	2,853.4
Total Exports	4,064.7	37,998.8	16,798.0	939.1	3,912.8	79.7	150.3	190.0	653.3	1,376.9	1338.1	174.7	67,047.4

Source: University of the West Indies, 1963 data, (The Financial Post, December 2, 1967) P. W-2.

be separate. One of the chief functions of these agencies should be keeping the home market informed on channels of distribution, pricing, credit conditions, promotion activities, and in general on all matters dealing with the development of trade.

An investigation may well reveal the necessity for streamlining Commonwealth Caribbean production in order to compete on the Canadian market. This may also emphasize the need for greater coordination among the territories, increased transportation, better communication, and the need for a high level of intra-regional trade as a pre-requisite to trade on a more global scale within the framework of an integrated market.

The Commonwealth Caribbean territories have not promoted their products extensively. Perhaps one reason for this is the insular or individualistic nature of marketing in vogue in the area. The advantages of promotion activities are without question; however, promotion is often times costly. Therefore, by "pooling" their resources the territories will be better placed to undertake promotional activities including frequent trade missions to Canada.

It is clear that modern marketing must permeate the Commonwealth Caribbean for the territories to make significant progress. It seems also clear that the easiest, quickest and least costly way of modernizing the region is through integration of the territories. Production, marketing, transportation and communication are all intertwined. Positive action in all four areas, by the Commonwealth Caribbean, the unit governments, as well as by the private sector of the economy, are necessary to bring about effective utilization of all available resources.

CHAPTER VIII

THE VICIOUS CIRCLE OF POVERTY

Criteria of Underdevelopment

Canada-Commonwealth Caribbean trade is a study of two regions at opposite ends of a developmental continuum seeking to trade with each other in an attempt at further development of their economies.

Canada is a developed nation by all modern standards; by these same standards, the Commonwealth Caribbean is underdeveloped. Understanding the Commonwealth Caribbean depends not only on a familiarity with the outer form of underdeveloped economies, which is a superficial affair at best, but on an emotional appreciation of the spirit, culture and aspirations of the peoples of the underdeveloped areas.¹

There are many criteria of underdevelopment,² and in the majority of cases these same criteria are used to describe economic "backwardness". Such criteria include: first, a low ratio of population to area.³

¹A.N. Agarwala and S P. Singh, (editors), The Economics of Underdevelopment (New York: Oxford University Press, 1963).

²Ibid., PP. 9 - 32 (Jacob Viner, The Economics of Underdevelopment).

³'Underdevelopment' and 'backwardness' are usually employed as synonyms in the language of economics; however, they are not completely interchangeable and H. Myint gives these terms different connotations by using the former to mean underdeveloped resources, and the latter to refer to the backward people of a given area. Myint thinks the distinction is fundamental to the understanding of the nature of economic backwardness. See H. Myint, "An Interpretation of Economic Backwardness", Oxford Economic Papers (Oxford: The Clarendon Press, June 1954).

In the case of the Caribbean, this criterion is not applicable; in fact, just the opposite is true. The Commonwealth Caribbean is overpopulated in the light of lands in use. Here the density of population is about 41 persons per square mile.

The second criterion of underdevelopment is usually found in inefficient use of capital or scarcity of capital. This is often accompanied by proffered tax rebates, and other incentives to investment. This situation is prevalent in the Commonwealth Caribbean. It should be remembered that the high interest rate is not a decisive test of underdevelopment or backwardness. There are many reasons for high interest rates, including: low credit rating and high risk. This may also occur when the marginal productivity function of capital is high, and when there is a high elasticity, or, when capital has so far been available only for the most urgent purposes but would have low marginal productivity if more abundantly used.⁴

The third most commonly used criterion for classification of countries as developed or underdeveloped is the ratio of industrial output to total output, or of industrial population to total population.⁵ In the Commonwealth Caribbean, industrial output is just getting off the ground, and the industrial population is almost negligible. It is because of this situation that there is still, and for some time to come will be, a very large amount of disguised unemployment in addition to the very high figure of known unemployment.

⁴Ibid., P. 10.

⁵Ibid., P. 11.

Fourth, in accordance with this study, and in full agreement with Jacob Viner⁶, a more useful definition of an underdeveloped region such as the Commonwealth Caribbean, is that it is: a region which has good potential prospects for using more of the factors of production to support its present population at a higher level of living; or, if its per capita income level is already fairly high, to support a larger population on a not lower level of living. This definition puts the primary emphasis where Viner believes it properly belongs, "on per capita levels of living, on the issue of poverty and prosperity, although it leaves room for secondary emphasis on quantity of population. On the basis of this definition, a country may be underdeveloped whether it is densely or sparsely populated, whether it is a capital rich or a capital poor country, whether it is a high-income per capita or low income per capita country or whether it is an industrial or an agricultural country.

The basic criterion then becomes a case of seeing whether the country has good potential prospects of raising per capita incomes, or of maintaining an existing high level of per capita income for an increased population.⁷ I believe, too, that this definition is especially adequate for, and appropriate to, the Commonwealth Caribbean where the "demonstration effect" is prevalent and as a result causes development to be extremely slow, if not stagnant. Moreover, the definition takes in all the important descriptive terms used in reference to the Commonwealth Caribbean economy, such as poverty, dense population, capital-poor, low

⁶Ibid., P. 12.

⁷Ibid., P. 13.

income per capita and agricultural orientation.

With the above definition of underdevelopment and its application to the Commonwealth Caribbean, I will emphasize the obstacles to economic development of the territories. This development is a means to an end, and this end may be one of multiple changing goals. These goals may be one or more of the following: the highest standard of living possible, effective full employment, the full use of all resources, and economic growth.

Obstacles to Development

The Commonwealth Caribbean must develop external trade if it is to attain its basic social and economic goals which are, a higher standard of living, full employment, industrialization, and economic growth and development. The first obstacle to development is low productivity which is caused by both physical and human factors. The Commonwealth Caribbean economy rests on an extremely narrow base. There is little mineral wealth - with the exception of oil and asphalt in Trinidad, and bauxite in Jamaica and Guyana. Thus, the major sources of income are sugar, bauxite, petroleum, bananas, coffee, citrus and spices. The agricultural, mining, tourist and fishing industries, however, cannot absorb the whole working population; and, as a result, unemployment is extremely high and is estimated by various writers to be about 20 per cent. If disguised unemployment is taken into account, however, this figure would probably be closer to one third of the working population.

Moreover, low productivity is a result, not only of quantitative, but also of qualitative deficiencies. For example, skills, such as entrepreneurial, managerial, and technical, are inadequate or unsuitable for the needs of the area. Hence, the springboard for capital

accumulation, which is one of the tools of development, is missing. Perhaps because of all these things, or rather the lack of them, the Commonwealth Caribbean has not discovered, surveyed or assessed its true resources; and, therefore, it may be said that its resources are not efficiently and effectively utilized.

The Commonwealth Caribbean is the only region which does not place great importance on the 'quality' of its working population, including the rank and file of industrial and agricultural labour, the entrepreneurial and managerial elite, and the skilled engineers and technicians.⁸ This area of human resources is one of the areas the Commonwealth Caribbean has to develop and maintain if it is to enjoy a considerable measure of success in its bid for development. These territories are still wedded to the old ways of doing things, especially in agriculture. No doubt this is due to the difficulty that increased unemployment may result in the short run, and this could be more undesirable politically and socially. "The first requirements for high labour productivity under modern conditions are that the masses of the population shall be literate, healthy, and sufficiently well fed to be strong and energetic."⁹ Of course, it is a moot point whether or not one of the great drawbacks to the full use of energy in the Commonwealth Caribbean is the extremely hot year-round temperature of the territories.

⁸See figures of migration of professional and skilled labour in Kari Levitt and Alister McIntyre, Canada-West Indies Economic Relations (Canada: Private Planning Association of Canada and Centre for Developing Area Studies, McGill University, 1967), P. 94.

⁹H. Myint, Op.cit., P. 17.

Apart from this, the literacy of the people of the area may be rated as high, but it is questionable whether this literacy is tied to the needs of the area. In other words, the educational system may be geared to the wrong needs.

Because people (and countries too) are molded by history, tradition and environment, the firmly rooted practice of traditional agriculture has set up strong barriers and resistance to technical education, and to changes in working processes that could take place. Low productivity in agriculture can limit, and has limited, the economic growth of the Commonwealth Caribbean. With respect to the measures taken to improve the position, the few territories which have embarked upon industrialization have done so as an alternative to agricultural development. However, this appears to be the wrong approach; industrialization and agricultural development are not well-grounded alternatives in this case. The effective plans for development of the area must embrace both fields. Raising agricultural productivity, and increasing the marketed surplus of agricultural products, must be as much a fundamental concern as the development of linkages between the two sectors that will give effect to the interdependence required of them in a modern industrial economy.

As the largest sector of the Commonwealth Caribbean economy, agriculture is the source of manpower for the industrial expansion envisaged by the territories. It is the source of essential supplies that will be needed for maintaining a growing industrial population if industrialization proceeds on the scale desired by the territories. Agriculture is also the source of exports to be traded for industrial

goods, and the fountainhead of savings for non-agricultural investments.

Apart from the agricultural bottleneck, however, there are other hindrances such as those involved in the scarcity to both quantity and quality of teachers. Such scarce resources are getting, annually, even more scarce in the Commonwealth Caribbean, and one wonders whether the territories' Governments should not devote a fraction of their resources to teacher education and adult literacy programmes. Educational planning should be made top priority. Up until very recently, the education Ministries in the various territories were the most neglected. What fraction, then, of the territories' resources should be earmarked for education? The principal objective of educational planning should be to promote economic development - the same objective as trade. Thus, the answer to the question is contingent upon this stated objective; however, it is also dependent on the rate of economic development desired and the period of time estimated for this accomplishment. It is amazing that the various territorial governments have neglected the quick solution of offering vocational training and evening classes in order to upgrade adult literacy. I wonder whether decisions have been carefully thought out, examined and weighed, and whether both intended and unintended consequences have been estimated or allowed for, because a planning policy of development in the Commonwealth Caribbean must be a synthesis of physical elements, social aims and economic forces.

The Problem of Capital Accumulation

Another type of obstacle to the economic development of the Commonwealth Caribbean is the scarcity of capital. This is true in both absolute and relative terms. In the Financial Post of December 2, 1967,

Paul Gibson¹⁰ illustrates the economic problems of the West Indies (and of other developing areas) by a 'vicious circle of poverty'.¹¹ This concept of the 'vicious circle of poverty' implies a circular constellation of forces tending to act and react upon one another, in such a manner as to keep the Commonwealth Caribbean in a state of poverty. The most important circular relationships of this kind are those that affect the problem of capital formation; and, in the seven segments of the wheel constituting the vicious circle of poverty, Gibson shows two sections to be earmarked by 'lack of capital' and 'low rate of capital formation'.

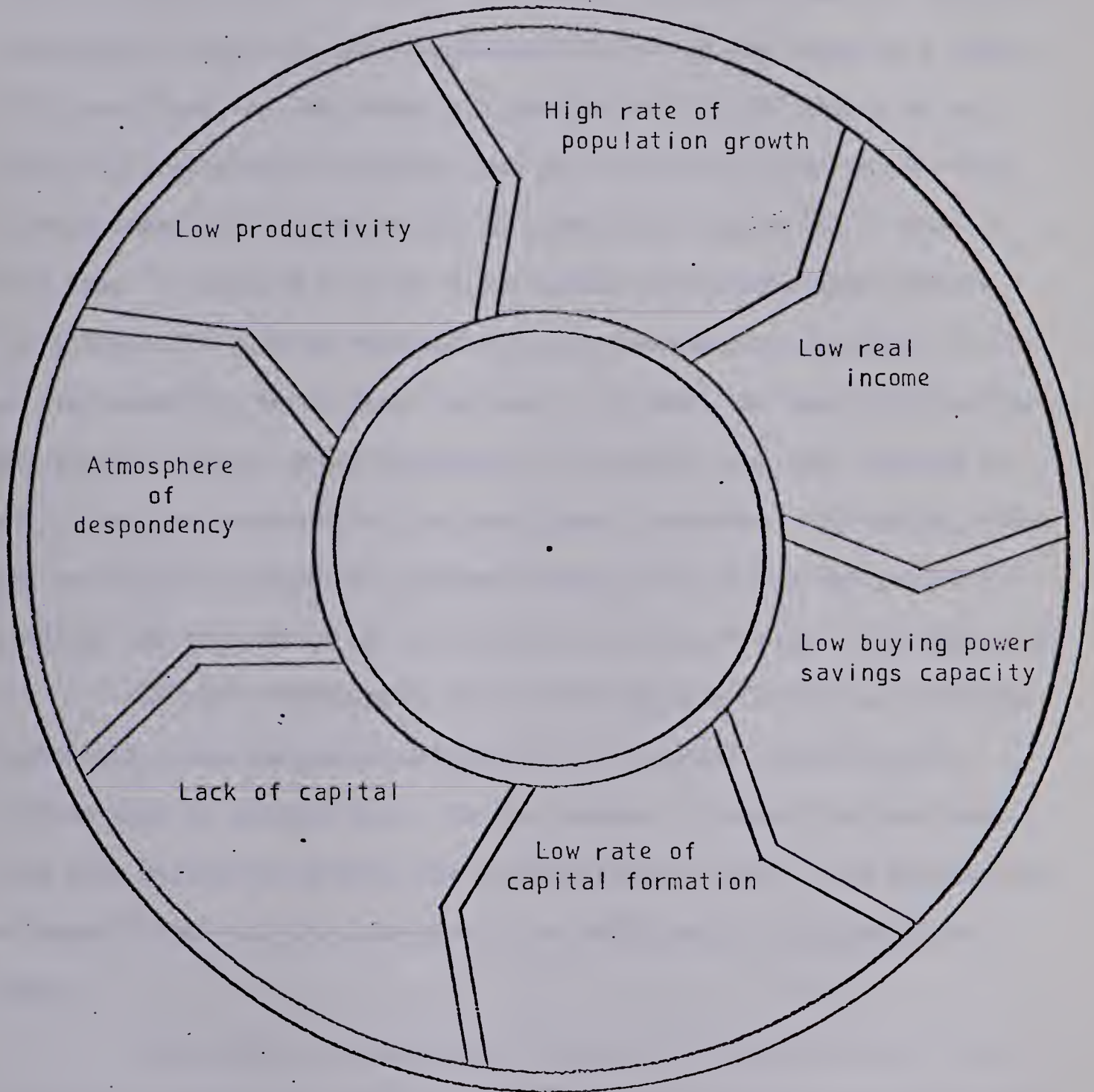
The problem of the Commonwealth Caribbean economic development is largely, although by no means entirely, a problem of capital accumulation. This is another way of putting Professors Kari Levitt and Alister McIntyre's¹² statement: "The central problem of economic development in the West Indies is to overcome the limitations imposed by an unfavourable ratio of population to natural resources." In support of their statement, Levitt and McIntyre wrote "some parts of the region are among the most densely populated areas in the world. In most of the region's islands, crude densities of population are around four hundred persons per square mile. The extreme case is Barbados, where crude density is nearly 1,400 persons per square mile. This contrasts with the situation in the mainland territories of Guyana and British Honduras, which are relatively

¹⁰Paul Gibson, "Islands' Struggle to Integrate is Vital", Loc.cit., PP W1-W12.

¹¹See Figure Eight - 1.

¹²Kari Levitt and Alister McIntyre, Canada-West Indies Economic Relations (Canada: Private Planning Association of Canada and Centre for Developing Area Studies, McGill University, November 1967).

The Economic Problems of the Commonwealth Caribbean



SOURCE: The Financial Post, (Canada: December 2, 1967), P.W-1

under-populated, their crude densities not amounting to much more than ten persons per square mile. But in these cases allowances must be made for the large tracts of land not suitable for economic use".¹³ When the territories comprising the Commonwealth Caribbean are taken as a whole, it is seen that the land area is approximately 100,000 square miles, while the population is roughly four and one half million which means a crude density of approximately 45 persons per square mile. Now, if this area is compared to other world areas with similar measurements for example, it will be realized that the Commonwealth Caribbean is not as over-populated as at first believed. In fact, the area, if developed, can support a much larger population. Therefore, the real problem is one of capital accumulation for development processes. Of course, there may be "tied" or "related" problems meaning that social and political problems may be tied in to this economic problem of capital accumulation.

Economic development of the Commonwealth Caribbean, therefore, depends upon the successful accumulation of capital, and there are various ways to achieve this. In the process, it means the area must cope with population growth, the 'demonstration effect', the development of export trade and the increase in and efficiency of inter-regional trade.

The problem of real capital formation is like a coin; it has two sides. There is the demand side, and there is also the supply side. The demand side is governed by the incentives to invest, while the supply of capital is governed by the ability and willingness to save. In the

¹³Ibid., P. 1.

Commonwealth Caribbean, a circular relationship exists on both sides of the problem. In Paul Gibson's 'vicious circle of poverty' mentioned earlier¹⁴, it was seen that, on the supply side, the low buying power and savings capacity results from the low level of real income. But the low level of real income is a reflection of a high rate of population growth and low productivity. This low productivity follows from the atmosphere of despondency, which in turn is due to the lack of capital. The lack of capital is a result of the low rate of capital formation, and so the circle is complete.

On the demand side, the inducement to invest is limited by the size of the market. The Commonwealth Caribbean market is extremely small - a mere four and one half million - moreover, the small size of the market is aggravated by the lack of co-ordination and its scattered nature. However, in the final analysis, the size of the market is determined by the general level of productivity. But again, the level of productivity depends largely on the use of capital and so another vicious circle is evident.

It is necessary to point out, as Ragnar Nurkse has done,¹⁵ that an increase in the production of one item only, for example, cotton shirts, does not create its own demand; it takes an increase in production over a wide range of consumer goods, produced in such a manner as to correspond with the pattern of consumers' preferences. Thus, emphasis

¹⁴See Figure Eight-1.

¹⁵Ragnar Nurkse, Some Aspects of Capital Accumulation in Underdeveloped Countries (Cairo: National Bank of Egypt Fiftieth Anniversary Commemoration Lectures, 1952).

should be placed on balanced growth as the basic means of enlarging the size of the market and as a prerequisite for stimulating the private inducement to invest. But the question may be asked, how can the Commonwealth Caribbean attempt a system of balanced growth when the various leaders cannot agree on basic, definitional issues, such as a free trade area or customs union? The Commonwealth Caribbean leaders, through their insular approach to problems of the area, have been pathetically incapable of much co-operation and concerted action. For example, at the meeting of Caribbean delegates held on Monday 30 January, 1967,¹⁶ the Hon. G. Arthur Brown of Jamaica referred to "the difficulty of arranging a discussion on Caribbean integration".¹⁷ At that meeting also, Mr. S. N. Selman, of Guyana, said he regretted that there had been some misunderstanding on the part of Barbados (who had the idea that they were in St. Lucia to talk about CARIFTA). "They, as delegates, did not come to St. Lucia to discuss CARIFTA, but to talk about talks".¹⁸ In the meeting, it was brought out that each delegate was concerned only with what affected his own little island and nothing else. For example, J. C. King of Barbados pointed out that Montserrat was no longer a member of the Oils and Fats Agreement, and stated that the last Oils and Fats Conference recently concluded was very much concerned about the declining

¹⁶Canada/Commonwealth Caribbean Trade and Economic Committee: Record of Preliminary Meeting of Caribbean Delegates held on Monday, 30 January 1967 prior to conference (St. Lucia: January 31-February 2, 1967).

¹⁷See Record of Preliminary Meeting of Caribbean Delegates, Ibid., P. 3.

¹⁸Ibid., P. 3.

membership of the Agreement and suggested that steps should be taken to encourage the Leeward Islands to reconsider their position. A similar situation obtained in the Rice Agreements where Barbados, the Leeward Islands, and Windward Islands negotiated on one level, Jamaica at another level and Trinidad and Tobago at another. Commenting upon this state of affairs, King felt, there would be an advantage if all territories could negotiate at the same level.¹⁹ Yet a little later, he states "it might be better for St. Vincent to aim at a bilateral agreement with Canada on arrowroot".²⁰ Thus different approaches are suggested by King for similar problems.

The Commonwealth Caribbean problem of capital accumulation is fairly obvious. What may not be so obvious, or what may be obvious but not practical, are the solutions. Since the size of the market is a basic determinant, not only of the incentives for the employment of capital, but also of the volume of international trade,²¹ a dynamic expansion of the market, through a more or less simultaneous wave of investment projects in different industries, can alleviate market difficulty and the drag it imposes on the individual incentive to invest.

This will necessitate planning in the Commonwealth Caribbean. It also will entail a great deal of compromise and agreement, since the rate at which one industry grows is conditioned by the rate at which other industries grow - although, naturally, some industries will grow

¹⁹Ibid., P. 15.

²⁰Ibid., P. 16.

²¹Ragnar Nurkse, Op.cit., P. 11.

faster than others because demand and supply elasticities will vary for different products. However, through the application of capital over a whole range of industries, the general level of productivity will be raised and the size of the market enlarged.²² In this connection, improvements in transportation and communication between the scattered territories comprising the Commonwealth Caribbean are very important, so are reductions in tariff barriers, co-ordination of tax and incentive laws, and all other artificial obstructions to the movement of goods and the improvement of trade.

²²Ragnar Nurkse, Op. cit., P.11.

CHAPTER IX

ECONOMIC INTEGRATION AND THE REVERSAL OF THE BRAIN DRAIN

The Path of Statesmanship in the Future

The effectiveness and efficiency of a voluntary grouping of territories such as the Commonwealth Caribbean require a judicious combination of theory and practice in politics and economics. In short it requires expertise. The inhabitants of these territories are extremely sensitive; and so, integration of the territories will be an intricate process requiring intelligence, understanding, patience and sacrifice on the part of each and everyone of the leaders of the individual territories. These qualities are emphasized and are especially important in light of the great failure of the West Indies Federation.

A number of questions may be asked concerning the Commonwealth Caribbean. For instance, did the Commonwealth Caribbean learn anything from the former West Indies Federation which may give it a better chance for success? Do the leaders of the territories have the qualities of intelligence, leadership ability and foresight essential to the times and the situation? Assuming that they have these qualities, are they prepared to use them to the best advantage, if there is a slight chance that in doing so they would jeopardize their present positions of leadership?

All these questions must be answered because on the leaders of the Commonwealth Caribbean rest the great responsibility of ensuring that the territories grow in strength and purpose; that they use and develop

to the fullest their human and other resources in order to achieve full employment, a reasonably high standard of living, and prosperity for the people and the territories. Integration will not produce a sudden and immediate improvement in the economy, but in the long-run it might cause a more rational exploitation of resources; a more intelligent investment of capital; greater use of domestic capital through proper planning and establishment of priorities; an elimination of uneconomic enterprises in some units by the use of their resources in other areas; and a combined weight as seller and buyer in the world markets that would enable better bargains to be made.¹

Thus, it is believed that through unity and co-ordination, the people of all the territories can most speedily and effectively fulfill their national aspirations and achieve a standing and recognition in North America, Europe and, indeed, the World - which are being denied them as isolated units. This goal had been advocated by Dr. Eric Williams as far back as the 1940's,² and much more recently he emphasized it as Prime Minister of Trinidad and Tobago.³

Not only a political Federation of all the various units according to nationality, but an economic Federation of all the Caribbean areas is the path of statesmanship in the future. An economic Federation of all the areas will considerably strengthen their bargaining position in the World

¹Morley Ayearst, The British West Indies (London: George Allen and Unwin, 1960), P. 242.

²Eric Williams, The Negro in the Caribbean (New York: The Williams Press Inc., 1942).

³Eric Williams, "Commonwealth Caribbean: Unite or Bust", speech at Conference in Bridgetown, Barbados, October, 1967.

market. It would take a Federation of democratic governments to settle the burning land question and introduce that program of diversification so necessary to a sound and healthy economic structure. If it be objected that the federation visualized is impracticable, it may be answered that the Caribbean, like the whole world, will federate or collapse.⁴

Once again attention has to be drawn to the distinction between uttering a principle or a doctrine and practising it. The distinction has to be emphasized between policy statements and policy implementation because Dr. Williams had it in his power in 1962 to make present sacrifices for future gains when Jamaica withdrew from the West Indies Federation. He did not make the sacrifice, and so five years later he has to try all over again to re-kindle the idea which could have been kept burning with his assistance. The great waste is evidenced by the original indication and acceptance in principle of the Caribbean Free Trade Association and the practice which shows only four territories as members of the originally intended thirteen.

The territories are petty not only in size, but also in the way of life of the people, their thinking and their attitudes. Perhaps this should not be unexpected since they have been conditioned through history, tradition, and centuries of British colonialism and life in a plantation economy. It may take decades to undo the evil, the suspicion, the jealousy and the insular outlook before the people themselves could act on a basic economic framework to establish economic integration. Meanwhile little progress is made as the people do little for themselves:

Observers of West Indian peoples have frequently remarked on a widespread tendency among them to

⁴Eric Williams, The Negro In The Caribbean, Op.cit., P. 104-105.

expect improvements in their condition without exertion from themselves. In view of their tragic history this is easily understood. And it is fostered by their dependent status.⁵

This is also brought out by V. O. Marquez:

There appears to be, at the present time, much more emphasis on the discussion of WHO should be required to do WHAT for the West Indies and not enough discussion among the West Indians themselves as to the basic economic framework of possible economic integration that only they themselves can provide.⁶

Nevertheless, perhaps in spite of themselves, efforts are being made to help these territories because they are included in the category of under-developed territories. GATT and UNCTAD have devoted a great deal of time and resources in trying to solve the problems of developing countries. Both organizations realize the complexity of the problems. At the Second United Nations Conference on Trade and Development, it was stated that:

The real question is not whether development will occur, but how, and within what international framework. No one can reasonably expect the problem of centuries of economic backwardness to be solved overnight.⁷

However, at that United Nations Conference, Dr. Prebisch, in his paper, "Towards a Global Strategy of Development", pointed out that

⁵Annette Baker Fox, Freedom and Welfare in the Caribbean (New York: Harcourt Brace & Company, 1949), P. 64 (footnote).

⁶V. O. Marquez, President, Northern Electric Company, quoted in Kari Levitt and Alister McIntyre, Canada-West Indies Economic Relations (Canada: Private Planning Association of Canada, and Centre for Developing-Area Studies, McGill University, November, 1967), P.VIII.

⁷"First Report: Beginning of 2nd U.N. Conference on Trade and Development", Far East Trade & Development Vol.23, No. 3 (New Delhi: March, 1968), P. 206.

the starting point was the recognition that development was the primary responsibility of individual countries themselves.⁸

It was brought out that:

Developing nations, however, need the co-operation of the developed - not merely residual or sporadic help, as it has been so far, but active aid within an overall strategy involving common responsibilities and the adoption of a series of measures by both sides.⁹

The need for co-operation and co-ordination by developed and developing nations for better utilization of resources by the latter is advocated by many:

Although the countries of the Caribbean area have been receiving a substantial amount of technical and financial assistance from their metropolitan counterparts or other national or international bodies, there has not been any significant co-ordination in this assistance.¹⁰

According to Dr. Prebisch, the aim of the strategy must be geared to tackle the three major problems: the persistent trend toward trade disequilibrium; the chronic imbalance between savings and mounting investment requirements (the 'savings gap'), and the vulnerability to external influences of the less industrialized territories.¹¹

⁸Ibid., P. 206.

⁹Ibid., P. 206.

¹⁰Clovis F. Beauregard, "Caribbean: Microcosm of World Struggle", speech delivered at Second Annual Christmas Seminar on National and World Affairs (Puerto Rico: International Relations Club at the International University, December 18-23, 1963), P. 21.

¹¹"First Report: Beginning of 2nd U.N. Conference on Trade and Development", Op.cit., P. 206.

"It is up to the industrial centres to give easier access to the exports of the third world. But this in itself is not enough to solve the problem of the trade gap. It is also necessary for the industrializing countries to make their products internationally competitive - perhaps by regional integration of their industries. This is a sine qua non if efforts for the general promotion of industrial exports are to be successful".¹²

The Commonwealth Caribbean are disregarding, at their peril, the advice of many nations for regional integration of their territories and industries. For instance, Canada stated at the conference that:

Regional trade groupings could have important economic and political advantages, but inward looking groups were no answer to the problems of either the developing or the developed countries.¹³

There are a number of lessons to be derived from the proceedings and findings of the Second United Nations Conference on Trade and Development, for example:

Discrimination in international trade resulted in poor countries contributing to the wealth of industrialized countries. This was like a blood transfusion in reverse.¹⁴

A practical example of this statement is that:

The British Caribbean supplies close to 90 per cent of North America's needs for bauxite, but of every dollar's worth of finished aluminum produced, the Caribbean earns 18 cents. The

¹²Ibid., P. 206.

¹³Ibid., P. 209.

¹⁴Ibid., P. 208.

remainder accrues in the United States and Canada to the smelting end of the operation. Of the 18 cents, only an estimated half is paid in local income; the rest accrues as profits to the mining operation which is located there.¹⁵

Another lesson can be learned from the following statement:

Experience of new developing nations had proved convincingly the importance of the role of the state in the process of economic development.¹⁶

The need for governments' involvement is especially crucial in the case of intra-Caribbean trade. This involves a number of related problems among which are the tariff structures of the various Caribbean units, the inadequacy of transportation and telecommunications facilities, the traditional trade ties with associated metropolitan countries and the lack of knowledge of the availability of and demand for commodities produced in the area. It is not expected that these characteristics can be readily and rapidly changed.¹⁷ Nevertheless, if changes are to take place, these must be initiated by the territorial governments.

Against this background, the Canadian government could take steps to ensure that in the implementation of its aid program, in which is embodied a policy of forward commitments up to five years,¹⁸ the aid given to the Commonwealth Caribbean is matched by an adequate economic

¹⁵Kari Levitt and Alister McIntyre, Op.cit., PP. 6-7.

¹⁶"First Report: Beginning of 2nd U.N. Conference on Trade and Development", Op.cit., P. 208.

¹⁷Clovis F. Beauregard, "Caribbean: Microcosm of World Struggle", Op.cit., P. 28.

¹⁸"First Report: Beginning of 2nd U.N. Conference on Trade and Development", Op.cit., P. 209.

and financial policy in the territories. Such a decision, no doubt open to some objections, can help to get to the root of the problem of the area where the economies rest on very narrow bases. Development is not only a technological problem in the Commonwealth Caribbean, but is also a problem of education and social reforms. Aid cannot be replaced by trade alone, but any aid must also be sustained and continued and multiplied¹⁹ by two way trade between Canada and the Commonwealth Caribbean.

Moreover, Canada should take immediate steps to implement elimination of all the obstacles to trade in tropical products. It should consider that, while removal of these obstacles and a general increase of aid to the territories must remain the most urgent immediate need, this should be done parallel with other essential actions, (for example the commodities agreement that the writer suggested in an earlier chapter), within the framework of development and trade of the two regions. Further, Canada should consider increased loans and repayment of these loans by exports of the Commonwealth Caribbean to Canada. This may help impart a fresh momentum to trade development and at the same time assure partial repayment of outstanding debts.²⁰

In the field of transportation and communication, priority should be given to correcting the grave deficiency in the development of shipping services between Canada and the Commonwealth Caribbean.

¹⁹Ibid., P. 209.

²⁰Ibid., P. 211, (B.R. Bhagat, Minister of State, Ministry of External Affairs, India).

If the Commonwealth Caribbean were integrated it could investigate the possibility of advancing its own shipping. Since these services are likely to run at a financial loss, a scheme should be devised to underwrite at least for the first ten years the operational losses on a declining basis. Purchase of ships by the Commonwealth Caribbean could be financed from normal developmental credits, like any other equipment,²¹ or on the basis of commercial deferred-payment terms spread over a period of at least 10 years.²²

Perhaps all this would not be necessary if the United Nations Conference on Trade and Development were to adopt the logical policy of removing restrictions on international shipping in order to reduce the cost of transportation.²³

Other factors essential for rapid development and tied very closely to the performance of the economy are banks and other financial institutions. In the Commonwealth Caribbean most of the banks, if not all, are foreign owned. These banks have been criticized because they are usually not in favour of medium and long term lending of any kind. It is contended that their activities are normally limited to internal commerce and foreign trade, and despite their 'handsome profits', they rarely invest in economic development of the territories of the Commonwealth Caribbean in which they operate.²⁴ Thus, in 1967, the

²¹Ibid., P. 211.

²²Ibid., P. 211.

²³Ibid., P. 215.

²⁴"New Banks part of Financial Shakeup", The Financial Post (Canada: December 2, 1967), P.W-8.

political green light for a Caribbean Development Bank was viewed as a most significant financial decision for the area.²⁵ However, this very significant event contained seeds of conflict and discord:

Jamaica, for instance, is to have its own development bank through which will be channeled much-needed long term and medium term mortgage money for hotel and housing projects.²⁶

The conflict did not take long to arise. Jamaica, which had originally indicated a willingness to join the Caribbean Free Trade Area, delayed entry when CARIFTA came into operation on May 1, 1968. This was prompted by Jamaica's withdrawal from the Caribbean Development Bank.²⁷

The prime concern of the Regional Development Bank will be getting the world's financiers to release more loans on easy terms for the purpose of high priority national infra structure projects, and for multi national projects designed to promote intra-regional trade and co-operation.²⁸ If this could be done successfully, one foundation for a better future would have been laid.

There are great prospects for increased trade in the future between Canada and the Commonwealth Caribbean. The opportunities can either be seized or passed up. The articles traded now may not be the ones traded on a large scale in the future; however, there will be

²⁵Ibid., P. 211.

²⁶Ibid., P.W-8.

²⁷Letter of R.B. Nickson to the author, File No. 810-C 21-1 (Ottawa 4, July 4, 1968), P. 2. See Appendix C.

²⁸"New Banks Part of Financial Shakeup", The Financial Post Op.cit., P. W-8.

opportunities for new articles and for new uses of old commodities on both sides. Unless rescued from obscurity it seems wheat flour is destined to continue its decline until it reaches the category of an insignificant commodity export. A similar fate seems in store for salted fish and lumber. On the Commonwealth Caribbean side, it appears sugar and cocoa beans are going the way of wheat and salted fish.

The volume, extent and pace of trade between Canada and the Commonwealth Caribbean will depend upon a number of economic, social and political factors, but perhaps one of the most important will be unity among the Commonwealth Caribbean territories, which alone, can strengthen their bargaining position and place them in a position to fulfill their objectives in trading with Canada. Integration holds the greatest advantage for intra-Caribbean trade and for trade between the territories and Canada. It will eliminate some of the costly overhead in the form of separate trade offices. It offers more stability, better means for planning, a wider market, more expertise and the only hope for lessening the poverty and unemployment of the area.

Integration of the Commonwealth Caribbean will strengthen the Commonwealth Caribbean's hands in dealing, not only with Canada individually, but in multilateral trade negotiations. They will be able to undertake an integrated program of land settlement, modernization and agrarian reform. They will be able to establish a more effective and efficient sea transportation network to facilitate movement of people and goods. Moreover, they will be able to set up a telecommunication network to cover all the territories. They will be better equipped to undertake joint planning to stimulate exports of Commonwealth Caribbean

manufactured products and increase and stabilize exports of traditional primary products. Integration perhaps also offers the only chance of regaining some of the professional, skilled, and semi-skilled personnel lost to the larger nations.

There is no doubt that the territories of the Commonwealth Caribbean aspire to the same kind of social and economic development enjoyed by the developed nations. This is shown by the "demonstration effect" in evidence in the area. Therefore, the territories should realise that they must group themselves and integrate their economies if they are to speed up their development and bridge the gap between their present state of development and the level of development to which they aspire.²⁹

Integration of the territories would provide the Commonwealth Caribbean with greater flexibility in dealing with the developed nations. Such flexibility is essential to compensate for the limited ability of policy makers to foresee the nature, direction and extent of changes in the economy in implementing a development strategy. This limitation not only argues against specialization in one or two export commodities, but it also favours the development of a diversified economic structure which will enable the economy to shift to new types of exports or import substitutes when changing trade conditions may require them.³⁰

²⁹Clovis F. Beauregard, Op.cit., P.18.

³⁰H. Chenery, "Comparative Advantage and Development Policy", The American Economic Review Papers and Proceedings, Vol. 1, (March, 1961) P.25. Also, Manfred Joachim Sturm, Trade and Development: A Theoretical Discussion, unpublished M.A. Thesis (Edmonton: University of Alberta, 1967).

Even mindful of the difference between policy statement and policy implementation, some of the advantages to the Commonwealth Caribbean as an integrated trading unit can be deduced from the aims and objectives outlined in the document establishing the Caribbean Free Trade Area (CARIFTA)³¹. Articles 13 and 14 of the document³² have forbidden quantitative import and export restrictions from member territories. This would likely increase trade between the territories. However, because only four of the thirteen territories are members of CARIFTA at present, these four should get together with the other nine territories to establish an interim agreement (until the others join CARIFTA) not to set up new restrictions on intra-Commonwealth Caribbean trade. Further, they should establish by means of tariff cut or other equivalent measures, a margin of preference within the region for all products originating in Commonwealth Caribbean territories.

The Importance of Reversing the Brain Drain

Everyone agrees procrastination of integration is hindering industrial development; mobilization of financial and technical resources; retraining of the labour force; the solution of over-population and unemployment; industrial readjustment; and the solution of problems in connection with balance of payments. This seems to be realized by both West Indians and Canadians with whom the writer has been in contact. For example, R.B. Nickson states:

³¹See Appendix for extract of "Agreement Establishing the Caribbean Free Trade Association". Appendix D.

³²See Appendix D for copies of Articles 13 and 14.

Despite some possible adverse effects for Canadian exports (as a result of reverse preferences and possible extension of import restrictions), a successful implementation of CARIFTA (whereby all thirteen territories are members) could represent an important step towards the creation of a single viable economic unit in the region. This would in turn facilitate the carrying out of obligations undertaken by Canada at the 1966 Conference to develop and review, where necessary, our (Canada's) economic and trade agreement relations with the Commonwealth.³³

Professional and skilled personnel are important resources for development. In the Commonwealth Caribbean lack of integration prevents the most effective use of those who have not emigrated. The importance of the Commonwealth Caribbean regaining their professional, skilled and semi-skilled personnel from the developed nations can be gleaned from a recent investigation and analysis. This showed that one of the most serious obstacles to the execution of development plans in the area was the shortage of technical personnel who were experienced in identifying and preparing project proposals.³⁴

In addition, measures would have to be taken to stop the "brain drain", while at the same time implementing plans to expand educational facilities, both for the youth and for specialists in research and development; increase food production; and to co-ordinate efforts in taxation. At present, personal income tax rates vary considerably from one territory to another, and "all (the territories) have indulged in a

³³R.B. Nickson, Chief, Commonwealth Division, Office of Trade Relations, Letter addressed to the writer, File No. 810-C21-1 (Ottawa 4, July 4, 1968), P. 2. See Appendix C.

³⁴Ibid., P. W-8.

poker game. The stakes of tax-free holidays, import concessions, and give away plans have been rising as the players vied with each other to entice North American and British companies into setting up plants on their islands".³⁵

The above findings are reiterated by another author who states:

These Caribbean islands are all interested in attracting industry and resort developers to boost the economy of their country. These countries offer inducements to individuals or firms that will invest in the island. Benefits available to the foreign investors vary considerably from island to island, but usually include an exemption or reduction for a certain period of years of income taxation, custom duties, and other taxes. Other benefits may include the right to transfer funds out of the country, loans and grants, making advantageous arrangements for sites and buildings, accelerated depreciation allowances, building up of tax free reserves for investment, etc.³⁶

The above statements of conditions in the territories seem to indicate that the territories have not grasped the meaning of the concept of interdependence. The interdependence of nations in the world, today, cannot be over emphasized. More than ever before, nations have come to realize their interdependence on each other within a complex world economic framework. This fact is evidenced by grouping of old nations, as well as developed, and developing nations. A most striking example of the principles of interdependence is demonstrated by Britain's struggle to enter the Common Market. Yet the territories of the Commonwealth

³⁵Ibid., P. W-1.

³⁶Robert Noyes, Investment In The Caribbean (New York: Noyes Research Company, 1964), P. 3.

The object of the present report is to provide a summary of the work done during the past year in connection with the study of the ...

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Printed by the Government Printer, Ottawa, 1911.

Caribbean are unable to prove by commitment that the key to expansion of their economies is to be found in grouping themselves with their neighbours in the same geographical area. They hesitate to integrate their economies to make the best use of modern technology, mass production methods and enjoyment of larger markets. In the meantime, they are unable to devise and implement an attractive, sound, proper, and practical plan to keep their "brain power" in the region. Perhaps integration will facilitate this.

Caribbean and Latin America in the process of development and the role of institutions
 of their economies is to be found in the study conducted with their
 neighbours in the same geographical area. They continue to integrate
 their economies to make the best use of modern technology, and
 production methods and enjoyment of higher standards in the world,
 they are unable to derive any advantage or alternative, except through
 and practical plan to keep their main power in the region. Further
 integration will continue to be...

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A P P E N D I X A

Table A - 1

DATES AND MODE OF ACQUISITION AND AREA

	<u>Acquired by</u>	<u>Date</u>	<u>Area in Sq. Miles</u>
Bahamas	Settlement	1666	4,400
Barbados	Settlement	1625	166
Jamaica	Conquest	1655	4,207
Turks and Caicos Islands	Settlement	1678	169
Cayman Islands	Conquest	1655	89
Trinidad	Conquest	1797	1,862
Tobago	Settlement and Conquest	1803	114
Leeward Islands:			
Antigua	Settlement	1632	108
Barbuda	Settlement	1661-2	62
Redonda	Settlement	-	1/3
St. Kitts	Settlement	1623	65
Nevis	Settlement	1628	50
Anguilla	Settlement	1650	35
Montserrat	Settlement	1632	32 $\frac{1}{2}$
Dominica	Settlement and Conquest	1756	305
Virgin Islands	Conquest	1666	58
Windward Islands:			
Grenada	Conquest	1762	120
Carriacou	Conquest	1762	13
St. Lucia	Conquest	1803	233
St. Vincent	Occupation	1762	133
Grenadines	Occupation	1762	17
British Guiana	Conquest	1803	90,000
British Honduras	Settlement and Conquest	1798	8,598

Source: Sir Algernon Aspinall C.M.G., C.B.E., The Handbook of the British West Indies, 1929-30, (London: The West India Committee, 1929).

Table A - 2

COMMONWEALTH CARIBBEAN - TERRITORIES' IMPORTS FROM CANADA 1966 AND 1967

(Selected Items)

<u>Territory</u>	<u>P R O D U C T</u>								
	<u>Flour</u>		<u>Fish (Pickled & Salted)</u>		<u>Motor Vehicles & Parts</u>				
	<u>1966</u>	<u>1967</u>	<u>1966</u>	<u>1967</u>	<u>1966</u>	<u>1967</u>			
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Guyana	182,000	171,504	582,157	687,352	307,043	564,711			
Bahamas	643,368	718,431	19,640	27,572	973,284	526,066			
British Honduras	112,375	100,880	-	-	38,348	33,618			
Barbados	491,690	456,690	343,830	372,133	73,833	76,569			
Jamaica	3,507,719	3,300,073	4,780,052	5,502,687	1,641,764	1,360,508			
Leeward and Windward Islands	2,283,669	1,936,915	1,243,738	1,039,229	537,655	198,588			
Trinidad and Tobago	2,904,642	1,453,695	1,085,366	1,225,903	937,008	559,932			
TOTAL	10,125,463	8,138,188	8,054,783	8,854,876	4,508,935	3,319,992			

Source: Compiled from data supplied by the Department of Trade and Commerce, Ottawa.

Table A - 3

COMMONWEALTH CARIBBEAN - TERRITORIES' IMPORTS FROM CANADA 1966 AND 1967
(Selected Items)

<u>Territory</u>	<u>P R O D U C T</u>					
	<u>Meats</u>		<u>Fish Canned</u>		<u>Textiles</u>	
	<u>1966</u>	<u>1967</u>	<u>1966</u>	<u>1967</u>	<u>1966</u>	<u>1967</u>
	\$	\$	\$	\$	\$	\$
Guyana	431,352	288,271	375,961	483,453	348,790	429,314
Bahamas	630,913	701,104	81,365	79,844	1,108	3,936
British Honduras	11,790	10,776	32,396	35,147	39,172	78,897
Barbados	986,321	860,004	281,406	401,488	361,027	292,007
Jamaica	1,527,604	1,184,246	2,610,408	2,421,414	827,970	830,346
Leeward and Windward Islands	81,674	148,495	264,651	263,103	108,880	186,362
Trinidad and Tobago	902,240	861,048	569,799	718,243	936,622	786,430
TOTAL	4,571,894	4,053,944	4,215,986	4,402,692	2,623,569	2,607,292

Source: Sompiled from data supplied by the Department of Trade and Commerce, Ottawa.

Table A - 4

COMMONWEALTH CARIBBEAN - TERRITORIES' IMPORTS FROM CANADA 1966 AND 1967
(Selected Items)

<u>Territory</u>	<u>P R O D U C T</u>							
	<u>Newsprint</u>		<u>Tires & Tubes</u>		<u>Lumber</u>			
	<u>1966</u>	<u>1967</u>	<u>1966</u>	<u>1967</u>	<u>1966</u>	<u>1967</u>	<u>1966</u>	<u>1967</u>
	\$	\$	\$	\$	\$	\$	\$	\$
Guyana	-	-	112,831	88,570	187,380	147,674		
Bahamas	74,081	84,330	216,930	254,456	34,384	-		
British Honduras	41,283	23,040	51,047	144,886	-	-		
Barbados	75,681	116,091	53,236	134,964	863,092	700,972		
Jamaica	933,278	997,127	1,074,290	849,568	48,479	97,682		
Leeward and Windward Islands	12,660	35,054	142,525	198,255	530,696	569,793		
Trinidad and Tobago	587,676	698,758	226,922	153,617	585,782	534,815		
TOTAL	1,724,659	1,954,400	1,877,781	1,824,316	2,249,813	2,050,936		

Source: Sompiled from data supplied by the Department of Trade and Commerce, Ottawa.

Table A - 5

COMMONWEALTH CARIBBEAN - TERRITORIES' IMPORTS FROM CANADA 1966 AND 1967

(Selected Items)

Territory	P R O D U C T					
	Iron & Steel Pipes		Pipes of Cast Iron		Drugs & Medicines	
	<u>1966</u>	<u>1967</u>	<u>1966</u>	<u>1967</u>	<u>1966</u>	<u>1967</u>
	\$	\$	\$	\$	\$	\$
Guyana	171,873	82,194	1,852	-	239,248	249,800
Bahamas	-	311,870	-	256,935	150,892	198,035
British Honduras	-	-	-	-	9,917	22,968
Barbados	-	432	-	-	144,592	127,020
Jamaica	293,911	100,367	21,564	17,639	526,556	620,890
Leeward and Windward Islands	3,896	50,522	33,819	1,206	51,724	56,142
Trinidad and Tobago	384,353	125,579	-	-	434,981	532,851
TOTAL	854,033	670,964	57,235	275,780	1,557,910	1,807,706

Source: Compiled from data supplied by the Department of Trade and Commerce, Ottawa.

Table A - 6

COMMONWEALTH CARIBBEAN - TERRITORIES' IMPORTS FROM CANADA 1966 AND 1967

(Selected Items)

<u>Territory</u>	<u>P R O D U C T</u>					
	<u>Refrigerators & Parts</u>		<u>Poultry Feeds</u>		<u>Aluminum Bars & Rods</u>	
	<u>1966</u>	<u>1967</u>	<u>1966</u>	<u>1967</u>	<u>1966</u>	<u>1967</u>
	\$	\$	\$	\$	\$	\$
Guyana	112,271	122,194	3,070	1,932	25,612	48,920
Bahamas	1,689	28,630	-	-	2,020	2,127
British Honduras	18,548	28,884	5,106	-	375	-
Barbados	83,821	73,945	205,227	418,843	4,773	4,741
Jamaica	572,294	366,338	102,745	25,132	767,680	787,661
Leeward and Windward Islands	52,613	53,510	234,130	232,436	10,037	-
Trinidad and Tobago	476,409	139,565	936,555	319,944	237,602	293,752
TOTAL	1,317,645	813,066	1,486,833	998,287	1,048,099	1,137,201

Source: Compiled from data supplied by the Department of Trade and Commerce, Ottawa.

Table A - 7

COMMONWEALTH CARIBBEAN - TERRITORIES' IMPORTS FROM CANADA 1966 AND 1967

(Selected Items)

<u>Territory</u>	<u>P R O D U C T</u>					
	<u>Aluminum Fabricated NES</u>		<u>Whiskey</u>		<u>Soups</u>	
	<u>1966</u>	<u>1967</u>	<u>1966</u>	<u>1967</u>	<u>1966</u>	<u>1967</u>
	\$	\$	\$	\$	\$	\$
Guyana	53,986	54,746	1,057	2,549	34,617	41,374
Bahamas	47,158	55,098	414,390	378,716	208,267	168,966
British Honduras	36,110	32,932	2,101	2,104	30,634	30,845
Barbados	50,239	63,444	22,543	22,365	77,131	76,338
Jamaica	207,000	556,322	89,178	57,750	274,285	290,831
Leeward and Windward Islands	2,266	719	21,888	91,098	89,828	80,826
Trinidad and Tobago	199,038	46,409	17,505	4,407	186,549	138,496
TOTAL	595,797	809,670	586,662	558,989	901,311	827,676

Source: Compiled from data supplied by the Department of Trade and Commerce, Ottawa.

Table A - 8

COMMONWEALTH CARIBBEAN - TERRITORIES: IMPORTS FROM CANADA 1966 AND 1967

(Selected Items)

<u>Territory</u>	<u>P R O D U C T</u>					
	<u>Potatoes</u>		<u>Boots & Shoes</u>		<u>Cut Stock & Findings</u>	
	<u>1966</u>	<u>1967</u>	<u>1966</u>	<u>1967</u>	<u>1966</u>	<u>1967</u>
	\$	\$	\$	\$	\$	\$
Guyana	148,608	101,013	61,300	31,677	-	-
Bahamas	155,674	176,429	68,466	104,105	439	-
British Honduras	4,820	5,010	14,426	21,333	3,727	1,112
Barbados	167,957	181,646	130,010	138,827	671	675
Jamaica	176,775	140,912	150,247	157,641	165,694	136,910
Leeward and Windward Islands	26,831	20,226	106,317	72,689	760	-
Trinidad and Tobago	518,129	288,810	91,436	102,931	192	1,151
TOTAL	1,198,794	914,046	631,202	629,203	171,483	139,848

Source: Compiled from data supplied by the Department of Trade and Commerce, Ottawa.

Table A - 9

COMMONWEALTH CARIBBEAN - TERRITORIES' IMPORTS FROM CANADA 1966 AND 1967

(Selected Items)

<u>Territory</u>	<u>P R O D U C T</u>			
	<u>Bars, Steel Hot Rolled</u>		<u>Milk</u>	
	<u>1966</u>	<u>1967</u>	<u>1966</u>	<u>1967</u>
	\$	\$	\$	\$
Guyana	97,258	64,625	57,371	123,265
Bahamas	-	-	68,724	63,087
British Honduras	-	-	17,144	15,130
Barbados	-	30,049	41,476	44,524
Jamaica	219,486	109,211	300,942	567,720
Leeward and Windward Islands	3,110	7,125	158,502	1217,367
Trinidad and Tobago	15,045	4,069	272,353	340,135
TOTAL	334,899	215,079	916,512	1,371,228

Source: Compiled from data supplied by the Department of Trade and Commerce, Ottawa.

Table A - 10

COMMONWEALTH CARIBBEAN EXPORTS TO CANADA IN 1966 AND 1967
(Selected Items)
(Canadian \$,000)

<u>Territory</u>	<u>P R O D U C T</u>								
	<u>Nutmeg & Mace</u>		<u>Cocoa Butter</u>		<u>Cocoa Beans</u>		<u>Liqueurs</u>		
	<u>1966</u>	<u>1967</u>	<u>1966</u>	<u>1967</u>	<u>1966</u>	<u>1967</u>	<u>1966</u>	<u>1967</u>	
British Honduras	-	-	-	-	-	-	-	-	-
Guyana	-	-	-	-	-	-	-	-	-
Jamaica	-	-	125	294	-	25	320	279	
Trinidad & Tobago	26	15	60	35	21	11	-	-	
Bahamas	-	-	-	-	-	-	-	-	
Barbados	-	-	-	-	-	-	-	1	
Leeward & Windward Islands	232	292	-	-	26	43	-	-	
TOTAL	258	307	185	329	47	79	320	-280	

Source: Ottawa: Department of Trade and Commerce - Extracted from Imports by Countries and Commodities.

Table A - 11

COMMONWEALTH CARIBBEAN EXPORTS TO CANADA IN 1966 AND 1967
(Selected Items)
(Canadian \$'000)

<u>Territory</u>	<u>P R O D U C T</u>					
	<u>Cucumbers, Fresh</u>		<u>Pigmento</u>		<u>Lemon & Essential Oils</u>	
	<u>1966</u>	<u>1967</u>	<u>1966</u>	<u>1967</u>	<u>1966</u>	<u>1967</u>
British Honduras	-	25	-	15	5	8
Guyana	-	-	-	-	-	-
Jamaica	-	-	135	176	32	24
Trinidad and Tobago	-	-	-	-	24	1
Bahamas	188	229	-	-	-	-
Barbados	-	-	-	-	-	-
Leeward and Windward Islands	25	-	-	-	25	12
TOTAL	188	254	135	191	86	44

Source: Ottawa: Department of Trade and Commerce - Extracted from Imports by Countries and Commodities.

APPENDIX B

TABLE

1. The first part of the report contains a summary of the work done during the period from 1945 to 1947. It is divided into three sections: (a) a general introduction, (b) a description of the methods used, and (c) a summary of the results.

2. The second part of the report contains a detailed description of the methods used in the investigation. This part is divided into two sections: (a) a description of the apparatus used, and (b) a description of the experimental procedure.

3. The third part of the report contains a detailed description of the results of the investigation. This part is divided into two sections: (a) a description of the results obtained from the experiments, and (b) a discussion of the results in relation to the theory.

4. The fourth part of the report contains a summary of the work done during the period from 1945 to 1947. It is divided into three sections: (a) a general introduction, (b) a description of the methods used, and (c) a summary of the results.

APPENDIX B

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CANADA-WEST INDIES TRADE AGREEMENTPROTOCOL

Recognizing the important changes which have taken place in their trade and commercial relations since the negotiation of the Canada-West Indies Trade Agreement of 1925;

Recognizing the desirability of close co-operation and collaboration in the development of their respective economies in order to facilitate the most efficient utilization of resources and the maximum development of mutually advantageous trade;

Taking into account the urgent economic development needs of the Commonwealth Caribbean countries and the key importance of trade to the raising of their standards of living and the progressive development of their economies;

Taking into account the common interest of the Commonwealth countries of the Caribbean and Canada in ensuring a fair and remunerative return at stable prices for exports of primary products of particular interest to them and the urgent need of these countries to diversify their exports:

Antigua, the Bahamas, Barbados, British Honduras, Canada, Dominica, Grenada, Guyana, Jamaica, Montserrat, Saint Kitts-Nevis-Anguilla, Saint Lucia, Saint Vincent, Trinidad and Tobago agree as follows:

1. To examine the 1925 Canada-West Indies Trade Agreement in detail with a view to its further amendment or re-negotiation in the light of the results of the Kennedy Round of trade negotiations under the General Agreement on Tariffs and Trade;
2. To continue the Canada-West Indies Trade Agreement of 1925 in force, ad interim, subject to the following:
 - i) to the extent that it may be necessary in order to avoid conflict between the provisions of the Agreement and the provisions of the GATT, the obligations of the Agreement, after consultation, may be waived.

- ii) Canada will consult with the Commonwealth countries of the Caribbean before concluding any agreement in the Kennedy Round which would have the effect of reducing margins of preference bound under the Agreement and to take such reductions into account in any renegotiation of the Agreement.
 - iii) The direct shipment requirements of Article VII are waived.
 - iv) Part II of the Agreement relating to steamship services is recognized as being no longer in effect.
3. To consult upon request with respect to measures to encourage economic development which might substantially affect the trading interests of the other parties, with a view to avoiding possible damage to those trading interests and to achieving the best use of resources, taking into account the scope for regional co-operation.
 4. To consult and co-operate on tourism and in establishing or improving transportation, communications and other facilities designed to promote mutually beneficial trade and other exchanges.
 5. To work together in international commodity discussions and arrangements, and particularly to seek to secure and maintain an appropriate and effective price range under a new International Sugar Agreement which will be remunerative to producers and equitable to consumers.
 6. To endeavour to revive the banana trade and to bring about increased sales of bananas to Canada from the Commonwealth countries of the Caribbean.
 7. To seek to secure acceptable conditions of access for wheat in world markets in order to bring about increased trade at prices which will be remunerative to efficient producers and fair to consumers, taking into account world food needs.
 8. The Commonwealth countries of the Caribbean undertake in the development of local flour mills to provide fair and equal opportunities for the Canadian industry to participate in their development and for Canada to have a fair and equal opportunity to supply the wheat requirements of such new mills.

9. The Commonwealth countries of the Caribbean undertake to ensure that Canadian exporters of salted cod are given a fair and equal opportunity to supply the market requirements at prices which will be remunerative to efficient producers and fair to consumers.
10. To accord fair and equitable treatment to individuals and enterprises of the other parties.
11. Canada undertakes to require that the origin and Canadian content of any rum marketed in Canada be clearly marked and to use its good offices with the provincial authorities to facilitate the marketing of rum from the Commonwealth Caribbean countries.
12. In pursuance of the foregoing to establish a Commonwealth Caribbean-Canada Trade and Economic Committee to consult on trade, financial and related matters, which shall meet from time to time at ministerial or senior official level as may be appropriate.

In respect of those territories for which the United Kingdom Government has a responsibility in these matters, this Protocol is being signed with the authority of the Secretary of State for the Colonies.

APPENDIX C

File No...810-C21-1....
Dossier

Ottawa 4, July 4, 1968.

Mr. Lionel A. Mitchell,
University of Alberta,
Faculty of Business Administration,
Henry Marshall Tory Building,
Edmonton, Alberta.

Dear Mr. Mitchell:

This refers to your letter of June 24th regarding Canada-Commonwealth Caribbean relations and your proposed thesis on the subject.

I am attaching copies of D.B.S. statistics showing Canadian imports from and exports to the Commonwealth Caribbean for the years 1966 and 1967. You will note that while Canadian exports to the region last year increased by almost 6% over 1966 to \$108.2 million, imports remained static at \$89 million. One reason for this of course is the extremely wide range of Canadian export items to the area as compared to the relatively limited product range (mainly agricultural and mineral) imported by Canada from the Commonwealth Caribbean. This is graphically illustrated by the relative weights of the extracts attached to this letter.

You asked whether there had been any further developments following on the Commonwealth Caribbean-Canada Conference in July, 1966. The first meeting of the Trade and Economic Committee established at that Conference was held in St. Lucia in January-February, 1967, essentially to review and bring forward the work of the Conference. It is expected that the second meeting will take place in early 1969. Work continues on the areas earmarked for special attention at the Conference including free trade, shipping, measures to facilitate West Indian exports of sugar, rum and bananas, and other initiatives to develop further trade and economic relations between Canada and the Commonwealth Caribbean.

- 2 -

One important recent development which cuts across the full range of our relations with the area was the establishment of a Caribbean Free Trade Association (CARIFTA) on May 1, 1968. To date Guyana, Trinidad, Barbados and Antigua are full members, while the West Indian Associate States including St. Vincent and Montserrat are expected to join momentarily. Jamaica, who had originally indicated a willingness to join CARIFTA, delayed entry following her withdrawal from the Caribbean Development Bank. The Jamaican Parliament recently gave approval to a resolution empowering the government to seek membership in CARIFTA.

Despite some possible adverse effects for Canadian exports (as a result of reverse preferences and possible extension of import restrictions), a successful implementation of CARIFTA could represent an important step towards the creation of a single viable economic unit in the region. This would in turn facilitate the carrying out of obligations undertaken by Canada at the 1966 Conference to develop and review, where necessary, our economic and trade agreement relations with the Commonwealth Caribbean.

I hope you will find the above comments and attachments useful in the preparation of your thesis.

Yours faithfully,

R. B. Nickson,
Chief, Commonwealth Division,
Office of Trade Relations.

Encls.

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APPENDIX D

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AGREEMENT ESTABLISHING
THE CARIBBEAN FREE TRADE ASSOCIATION

THE GOVERNMENTS OF THE SIGNATORY TERRITORIES--

SHARING a common determination to fulfil within the shortest possible time the hopes and aspirations of the peoples of the Caribbean Territories for full employment and improved living standards;

CONSCIOUS that these goals can most rapidly be attained by the optimum use of available human and other resources and by accelerated, co-ordinated and sustained economic development;

AWARE that the broadening of domestic markets through the elimination of barriers to trade between the Territories is a pre-requisite to such development;

CONVINCED that such elimination of barriers to trade can best be achieved by the immediate establishment of a free trade area which will contribute to the ultimate creation of a viable economic community of Caribbean Territories;

MINDFUL of the different levels of development attained by the Territories of the Caribbean;

HAVE AGREED as follows: --

Source: Economic Commission for Latin America, Caribbean Free Trade Association: Text Consolidating the Provisions of the Principal Agreement and the Supplementary Agreement (Port of Spain, 25th March, 1968), PP. 4-5, 12, and 26-27.

ARTICLE 1 - Association

1. An Association to be called the Caribbean Free Trade Association (hereinafter referred to as "The Association") is hereby established.
2. The Members of the Association, hereinafter referred to as "Member Territories" shall be the Territories on behalf of the Governments of which this Agreement is ratified in accordance with Article 31 and such other Territories as participate therein by virtue of paragraph 1 of Article 32, and for the purposes hereof, "Territories" includes sovereign states internationally recognised.
3. The institutions of the Association shall be a Council and such organs as are mentioned in paragraph 3 of Article 28.
4. The Caribbean Free Trade Association shall operate over the areas of the Member Territories collectively called the Caribbean Free Trade Area (hereinafter referred to as "The Area").

ARTICLE 2 - Objectives

The objectives of the Association shall be--

- a. to promote the expansion and diversification of trade in the area of the Association;
- b. to secure that trade between Member Territories takes place in conditions of fair competition;
- c. to encourage the balanced and progressive development of the economies of the Area in keeping with paragraphs 3 to 10 of the Resolution adopted at the Fourth Conference of the Heads of Government of Commonwealth Caribbean Countries and set out in Annex A;

- d. to foster the harmonious development of Caribbean trade and its liberalization by the removal of barriers to it;
- e. to ensure that the benefits of free trade are equitably distributed among the Member Territories.

ARTICLE 3 - Exclusion from this Agreement

The provisions of this Agreement shall not affect the rights and obligations under any agreements entered into by any of the Parties to this Agreement before the effective date hereof and notified to the Council:

Provided, however, that each Party shall take any steps at its disposal which are necessary to reconcile the provisions of any of such agreements with the purposes of this Agreement.

Provided further that, in case of any non-observance of any provisions of this Agreement on the part of a Member Territory pursuant to its exemption in that behalf by virtue of the foregoing provisions of this Article, any other Member Territory which considers that it would enjoy any benefit under this Agreement but for such exemption may, if no satisfactory settlement is reached between the Member Territories concerned, refer the matter to the Council, which may, by majority decision, authorise any Member Territory to suspend to the first-mentioned Member Territory the application of such obligations under this Agreement as the Council considers meet, due regard being had to the report of such committee (if any) as may have been constituted in accordance with Article 27 to examine the matter, and paragraphs 2 and 5 of Article 26 shall apply mutatis mutandis in the case of any

reference under this proviso as they apply in the case of a reference under paragraph 1 of Article 26.

ARTICLE 13 - Quantitative Import Restrictions

1. Subject to anything to the contrary in any agricultural marketing arrangements made pursuant to paragraph 6 of Annex A and laid down in a Protocol between the Parties to this Agreement, a Member Territory shall not apply any quantitative restrictions on imports of goods from any other part of the Area.
2. For the purposes of the preceding paragraph, "Quantitative restrictions" means prohibitions or restrictions on imports into any Member Territory from any other part of the Area whether made effective through quotas, import licences or other measures with equivalent effect, including administrative measures and requirements restricting import.
3. The provisions of this Article shall not prevent any Member Territory from taking such measures as are necessary to prevent evasion, of any prohibitions or restrictions which it applies to imports from territories outside the Area.

ARTICLE 14 - Quantitative Export Restrictions

1. Subject as mentioned in paragraph 1 of Article 13, a Member Territory shall not apply any prohibitions or restrictions on exports to any other part of the Area, whether made effective through quotas or export licences or other measures with equivalent effect.

2. The provisions of this Article shall not prevent any Member Territory from taking such measures as are necessary to prevent evasion, of any prohibitions or restrictions which it applies to exports to territories outside the Area.

ARTICLE 15 - General Exceptions

Provided that such measures are not used as a means of arbitrary or unjustifiable discriminations between Member Territories, or as a disguised restriction on the inter-territorial trade of the Area, nothing in Articles 13 and 14 shall prevent the adoption or enforcement by any Member Territory of measures--

- a. necessary to protect public morals;
- b. necessary for the prevention of disorder or crime;
- c. necessary to protect human, animal, or plant life or health;
- d. necessary to secure compliance with laws or regulations relating to customs enforcement, or to the classification, grading or marketing of goods, or to the operation of monopolies by means of state enterprises or enterprises given exclusive or special privileges.

A N N E X A

RESOLUTION ADOPTED BY FOURTH HEADS OF GOVERNMENT
CONFERENCE ON REGIONAL INTEGRATION

Free Trade should be introduced with respect to all intra Commonwealth Caribbean trade by 1st May, 1968, subject to a list of reserved commodities which would be freed within a five-year period for the more-developed countries and within a ten-year period for the less-developed countries; subject to special provisions for appeal by a less-developed Territory to the governing body of the Free Trade Area for further extension in any case where serious injury may be done to a territorial industry.

2. The Governments should approach the task of freeing of trade, by using the CARIFTA Agreement as a basis with suitable modifications.

3. The Commonwealth Caribbean Countries shall immediately take steps to initiate studies to determine whether the objective of achieving trade expansion to the mutual benefit of the member states can be facilitated by the establishment of a common external tariff in whole or in part.

4. The principle should be accepted that certain industries may require for their economic operation the whole or a large part of the entire regional market protected by a common external tariff or other suitable instrument. The location of such industries and the criteria to be applied in respect thereof, as well as the implementation

of the principle accepted above, should be the subject of immediate study--such study to have special regard to the situation of the relatively less-developed countries.

5. Subject to existing commitments a regional policy of incentives to industry should be adopted as early as possible on the basis of studies mentioned in Resolution 7 below, bearing in mind the special needs of the less-developed countries for preferential treatment, such as soft loans.

6. Marketing agreements for an agreed list of agricultural commodities should be sought to come into effect at the same time as the commencement of free trade and the territories in the region should examine the possibility of restricting imports from extra-regional sources of agricultural products that are produced within the region and are available for satisfying regional demand.

7. The principle of seeking to establish more industries in the less-developed countries should be accepted and the ECLA Secretariat should be asked to undertake feasibility studies immediately with a view to identifying industries which should be located in the less-developed countries and to devising special measures for securing the establishment of such industries in these countries. These studies should be submitted to governments no later than one year after the commencement of free trade.

8. The Commonwealth Caribbean Countries should endeavour to maintain and improve regional carriers to facilitate the movement of goods and services within the region.

9. The Commonwealth Caribbean Countries should agree to negotiate with the Shipping Conference the Rationalisation of freight rates on extra-regional traffic.

10. The ECLA Secretariat for the Caribbean should be asked to undertake a number of studies, for example, studies on the harmonizing of incentives and the feasibility of establishing certain regional industries.

11. A Committee of Ministers should be set up immediately, functioning as a sub-committee of the Heads of Government Conference, with general responsibility for the establishment of Free Trade Area.

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