

An Orthodox Economics Criticism from the Caribbean.

***The Foundations of a Political Economy for
Socioeconomic Caribbean Development,
1945-1970***

An Outline

**Dr. Graciela Chailloux-Laffita
Faculty of Philosophy and History
Havana University**

Subjects

I. Theoretical and Methodological Assumptions

***II. Foundation of the Caribbean Intellectual Tradition.
Caribbean Economic Thought***

***III. Caribbean Political Economy. From the End of World
War II to Decolonization.***

•

***IV. How to express the Caribbean Political Economic
theorization***

I. Theoretical and Methodological Assumptions

***...to interpret the History [of
capitalism] from its borders in instead
of its centre.***

**“Naturaleza del pos colonialismo: del eurocentrismo al global
centrismo”**

Fernando Coronill, 2003: 92

Caribbean

Cuba and BWI Commonalities

Central Basic ideas

- Outcomes of capitalism
- Cardinal Pieces in Atlantic World formation
- Societies Created by External Forces, *“externally propelled”*
 - All began here*
 - Lloyd Best y Kari Levitt
 - Population
 - Flora and Fauna
 - Technologies
- Exploitation Colonies
 - Celso Furtado
- Plantations Economies as Metropolitan Appendixes
 - Lloyd Best-Kari Levitt, *New World Group*
- The Struggle to Become a Welfare Society for Their Population
 - From Marronage to Independence
 - and Decolonization

Theoretical and Methodological Foundations

- **Capitalism: A Global System**

Immanuel Wallerstein
Samir Amin

- **Capitalism: An Inequality System**

Dependency theory

- **Colonial Typology: An Economy Which Created a Society**

Celso Furtado
Lloyd Best

- **Particularities of Social Structure**

Caribbean Sociology
George Beckford
Raymond Smith
Edward Kamau Brathwaite
Michael Smith

- **Historical Epoch and Compulsory Up-dating**

Darcy Ribeiro

- **Economic Thought Systematization**

Graciela Chailloux

- **Economic Relations of Production PLUS Dependency**

Graciela Chailloux

Theoretical and Methodological Foundation (cont.)

- **Object of Study**
reflections on economic production relations PLUS dependency relations in the subordinate capitalism
- **Imperative to create a specific method**
- **Historical context: periodization (global and local connections)**
- **Theoretical and methodological tools from north Atlantic thought:**
Reception, recreation and creation in order to explain an anomalous situation.
Knowledge on Economics: Universal economic doctrines: reception
- **Social sectors interests, *class*?**
- **Caribbean Economic Thought: A theoretical contribution to capitalism comprehension from the dependency world**

Universal Economic Thought (doctrine)
Political Economic

Caribbean Economic Thought Main Components

- **A perspective on capitalism created by the Caribbean itself**
- **The plantation economy: a capitalist economic structure**
- **Caribbean society: origin, diagnosis and socioeconomic development projects**
- **Inside and outside components**
- **Foundations of the Caribbean sociopolitical characteristics**
- **Focus on economic policy**

From Caribbean Economic Thought to Caribbean Political Economy

- The thesis

The Cuban and BWI Economic Thought after World War II is an indigenous economic science [Political Economy] that reflects a dependency capitalist form in territories which were formerly exploited colonies by the plantation economic structure

the decolonization process demands solution projects to overcome the plantation legacy so as to transform the whole Caribbean society in the economic, political and social scope.

- Cuba-BWI Economic Thought comparison guidelines that interconnect them

historical epoch – economic and social problems – social sectors interests

Caribbean Political Economy Object of Study

- **How to reach socioeconomic development**
- **How to insert itself in the economic world system**
- **How to improve population welfare**
- **Which theoretical orientation to apply**
- **Elaboration of socioeconomic and development strategies**

Caribbean Political Economy Main Contents

- **The plantation economy legacy**
- **Peasantry and agriculture relevance in society**
- **Agriculture and/or Industrialization**
- **Impact of territory size on economic production units**
- **Factors that either improve or hinder the regional economic integration**
- **Transnational corporation impact on society**
- **Social structure**
- **Economy as social function**

II. Foundation of the Caribbean Intellectual Tradition

Caribbean Economic Thought

***The Caribbean people in the 1930's
were **poor in** general, in material
things. They were not **poor in spirit**
and self-confidence. Of that there can
be absolutely no doubt.***

Franklin W. Knight, 2005
"The Caribbean in the 1930s"
in *General History of the Caribbean*, UNESCO

Caribbean Political Economy

First Stage: The Origins The Caribbean Foundation Features

Franklin Knight

The Caribbean societies became increasingly linked /linked/ economically, politically, intellectually and culturally in the 1930`s.

The 1930`s represented a crucial transition point from the old society to the modern Caribbean society.

During this decade workers and all lower social sectors broke into political scene.

In that period a leadership that represent the most wide popular interests emerged

Agriculture alone could not provide solution for the economic harms.

The First intellectual Caribbean generation was born.

The intellectual regional tradition roots were settled.

They expressed the Caribbean soul with Caribbean voices

The 1929-1933 crisis: *revolution* in the Caribbean

The USA neocolonial
policy on Cuba

**Cuban Affairs Commission:
*Report on Problems of New
Cuba.***

The British policy on its
Caribbean
colonies

***Moyne Commission Report.*
British Colonial Development
and Welfare Funds**

Popular masses challenged the imperial power.

Nationalism: constitutions, political parties, trade unionism

Marxism, Reformism

Popular revolts a real revolutionary movements

Metropolitan anti crisis plans

The U. S. A

**A Three-year Economic
Plan under the first
Fulgencio Batista
government, 1937**

England

**British Colonial
Development and
Welfare Funds, 1942**

What can be done?

***The general aims of the movement are to
raise the economic and
cultural standards of the masses, and to
secure for
them conditions of freedom and equality.***

**Arthur Lewis, 1939 "The 1930s social revolution"
In Beckles and Shepherd 1996, *Caribbean Freedom*.**

The 1929-1933 Crisis: *Intellectual Revolution* in the Caribbean

Cuba

Economic Thought

Ramiro Guerra

Rubén Martínez Villena,

Gustavo Gutiérrez

BWI

Economic Thought

C. R. L. James

Arthur Lewis

Eric Williams

Cuba – BWI Economic Thought Contents

- The awful effects of imperial dependence
- Mon exportation and poliimportation
- Low prices for export products and high tariffs in the international market
- Large landed state / *latifundium*
- Under industrialization
- Unemployment and underemployment
- Absent of internal market
- Monetary dependency (Henry Wallace, Felipe Pazos)

In short, the Caribbean situation is the result of external domination and the solution must be a deep economic transformation to do away with the masses poverty.

III. Towards the creation of a Caribbean Political Economy

**From the End of World War II
to Decolonization**

International Context

- **Cold War Confrontation**
- **How to plan and program development?**
- **Keynesianism / Neoliberalism / Marxism / Dependency theories**
- **Economic Transnationalization**
- **State Monoplist Capitalism**

Local Context

Cuba

Economic contraction structural permanent crisis

- 1934: Reciprocity commercial treaty and sugar market quota.
In 1933 economic level, less than in 1925
- 1939-1945: Cuban contribution to USA participation in World War II: entire sugar crop's sale at preferential prices
Cuba lost five hundred /500/ million dollars
- Cuban population vs sugar production

1925	3 million	5 million tons
1953	6 million	3,5 million tons

BWI

Economic contraction structural permanent crisis

- Sugar production and exportation collapse
- Persistent poverty
- Labor emigration to cities and to developed countries
- Seasonal labor on sugar plantations
- Endemic unemployment and underemployment
- Appalling living conditions
- Per capita income declined dramatically

The Caribbean Political Economy in the 1950s

Political Economy for an Economic Policy

Theoretical foundations

Keynesianism

Neoclassicism

Marxism

Dependentism

INDUSTRIALIZATION

Institutionalization for the management of economy

The Caribbean Political Economy in the 1950s (Cont.)

Julián Alienes

Fundamental Characteristics of Cuban Economy, 1950

The first study of Cuban global economy

- Diversification: national production and exportation
- **Public expenditure to compensate the sugar production stagnation**
- Improvement of foreign investment by
 - » Fiscal allowance
 - » Restriction on trade union's conquests
- The *investment multiplier* would function **IF** the Cuban sugar quota is increased by the USA

Arthur Lewis

The Industrialization of the British West Indies, 1950

- Agricultural modernization: to improve productivity
- **Strategy for specific industrialization vs industrialization by invitation**
- To improve the foreign investment by “invitation”
 - Fiscal allowance
 - Restriction of trade union's conquests
- Integration
- Latin America as a new exportation destination

Other prospective solutions

Cuba

- **BIRF: *Report on Cuba, Mission Truslow Report, 1951***
- **Public expenditure plan, 1954-1957**
- **Moncada Program, 1953 and Economic Thesis for Development, 1957 (CEPAL)**

BWI

- **BIRF: *The Economic Development of Jamaica, 1952***
- **Public expenditure plan, *Industrial Development Corporation, 1957-1967***
- ***British West Indies Federation: integration, 1958-1962***

Stages for the Educational training program for economic science professionals

Cuba

1728

Havana University foundation

1818-1824

Economics course in SEAP

1842

**Teaching of Political Economy at the
Faculty of Law**

1948

**Villanueva University
Faculty of Economics**

1962

**University System Reform
Institute of Political Economy**

BWI

1943

**Eric Williams: The idea of a BWI
University**

1947

University College of the West Indies

1960

ISER

1962

**The UBWI
Faculty of Social Sciences,
Economics course**

Caribbean Political Economy

**Forging an Political Economy for
the socioeconomic development
in the Caribbean in the 1960s**

Independence and decolonization

International Context

Increase of economic transnationalization

East-West confrontation

Global institutionalization

Capitalism: BIRF, FMI, NATO

Socialism: COMECON, Warsaw Pact

A new historical epoch

**Africa, Asia and Latin America decolonization
and national liberation movements**

Regional Context

Cuba

Background

Anticolonial wars, XIX Century

Antimperialism, 1930-1934

Economic policy disaster
in the 1950s: Anti dictatorial
struggle 1953-1958

The U. S. A. confrontation with
the Cuban Revolution

From national capitalism to
socialism

BWI

Background

Slavery abolition by
metropolitan policy

Social revolution demands
metropolitan policy reforms

Economic policy disaster
in the 1950s

Federation collapse, 1962

Independence process in the
Commonwealth nations

**What and how can and must be done
to create an independent nation?**

**Socioeconomic Development a
governmental responsibility**

Economic strategies

Cuba

Political independence: social justice

Economic policy practice preeminence over economic theorization

Economic institutionalization

Leftist nationalism

Che Guevara

CEPAL influence: ISI

BWI

Political decolonization

Theoretical economic reflection over economic policy and social change

Economic institutionalization

Economic strategies (cont.)

Cuba

Economic policy to rescue the national economy and improve popular living conditions

Agrarian Reform

Industrial Nationalization

Free universal education and health services

Tariffs free reduction on electricity and house rentals

Foreign trade control

Agricultural diversification and industrialization: 1960-63

Import-substituting industrialization (ISI)

USA blockade
and
URSS relationship
To get into debt

BWI

Economic policy: public expenditure

Industrialization by invitation

Trends exportation change

Bauxite Oil

New economic sector

Tourism

Migration and remittance

Foreign loans

To get into debt

This Cuban experiment name is not fundamental... We would outline calling it left nationalism... the essential is the will-power to resolve the problems having as the only unique goal the popular masses needs satisfaction.

Ernesto Che Guevara

Press interview

Bohemia, Year 51, Number 5, 31th January, 1960

Socialist Cuban Option, 1961

- **On Political Economy debate:**
 - How to conduct the economy?
 - How to construct socialism in a small underdeveloped country?
- **Economic Calculus System**
 - Reception of the European socialist practice experience
- **Budget Self-Financing System**
 - Creation a model indigenous to economic management

Cuban Theoretical Debate, 1963-1965

Self-financing Budget System

Economic Calculus System

Differences on

Enterprise

Money

Bank

Incentives

Labor Theory of Value

Prices

...making a historic specific interpretation of the society. Its focus on the plantation system and its historical legacy for subsequent formalization of a theory of Caribbean society.

George Beckford

“The Struggle for a Relevant Political Economy”

Social and Economic Studies, no. 33, no. 1, 1984

Policy economic strategy

- **Jamaica**

The 1963-1973, “ independence” Plan

External due

BWI Independence / decolonization

- **Creating an Political Economy for Creating a Nation**
 - **What is our society?**
 - **The diagnosis: Economic Plantation Theory**
 - **What can and must be done to create an independent nation?**
 - **From political decolonization to economic decolonization**
 - **Elimination of the plantation legacy**
 - **Recovered of the Caribbean integration: CARISFTA, CARICOM**

The Economic Thought Prominence: Faculty of Social Science / New World Group 1960-1970

Improving the educational sector

Structuring a new university for the new society: *ISER*

**Claiming for an knowledge *indianization* Beginning
the *West Indianization* UWI's senate**

**Characterizing the regional economy as a colonial
outcome**

- Foreign investment domination
- Political alignment with north Atlantic power
 - Private sector over public sector
 - Land property monopolization
- Ethnic minorities economic control

New World Group
New World Quarterly
1963

- **Establishment of a base-line to tailor the discipline to Caribbean specifications.**
- **The stage for unending struggles for a relevant Social Sciences: Political Economy, History, Demography, Arts.**

Plantation Economy Theory

THE PLANTATION ECONOMIC THEORY

Scientific Reception, recreation and creation

- Latin-American Structuralism
- Le Historie raisonné
- Firm theory, Marshall
- National income, Keynes

Main directions

- Intellectual Independence
- The economy creates the society
- Territory Size and Development Options
- Study of Plantations and Corporations (main structures)
- Study of Former BWI Countries

Criticism on some Social Sciences categories

- Economic Development
- Western civilization
- Political Economy NO, Political Economy
- Marxism

- Poverty as a social scientific category

Plantation Economy Theory

main contributions

- **Identification of the main features in the Caribbean economy dynamics**
- **The plantation impact on the regional socioeconomic structure**
- **The political independence as a prerequisite to overcome chronic regional socioeconomic underdevelopment.**

Dennis Pantin, 2005
The Caribbean Economy. A Reader
p. xiv

- **IV. Caribbean Political Economy**
 - **A conceptual outline**
 - **A proposal for a logical expression of the Caribbean Political Economy**
 - How to express the Caribbean Economic Policy**

Creation must stop to be considered a scandal; it must organize itself as a risky and fertile necessity.

Edouard Glissant, 2005 *El discurso antillano*, p. 69

The Political Economy for the socioeconomic Caribbean transformation

- **Theory and methodology to create a category and conceptual system specifically for the Caribbean**
 - Karl Marx on capital accumulation and colonization theory (*The Capital* chapters XXIV y XXV) and social change theory.
 - Contributions on capitalism comprehension from the periphery (Celso Furtado, Amir Samin, Immanuel Wallerstein, Darcy Ribeiro, Latin America economic thought)
 - Cuba and BWI economic thought
 - Cuban and BWI economic practice after World War II
 - Cuban and New World Group theorizations

Points to be taken into account to systematized Caribbean Political Economy

The Caribbean Economic Thought is the result of

**Selective approach to North Atlantic Political Economy
To explain the regional reality from a new perspective**

The focus on socioeconomic solutions

Relevant attention on sociopolitical analysis

Multidimensional analysis on relations of production

**National and international dimensions
Participation in international economic relations analysis
*The open character of the Caribbean economy***

Caribbean Political Economy: an intellectual and practical process in evolution

In the globalization historical epoch, capitalism theory should take into account what happens in capitalist periphery.

For Caribbean Political Economy the is compulsory to carry out an inter and multidisciplinary regional enquiry.

Logical and Methodological Expository Suggestion

- **Capital cycle**
- **Accumulation and reproduction capital process**
- **Caribbean specifications of the economic reproduction process**
- **Caribbean theory of earning: decreasing tendency and distribution**
- **Land rent**
- **Economic crisis**
- **Fundamental economic characteristics of international relations system and social change** regionalism and globalization