

By

UNITY LABOUR PARTY

THE ISSUE

Every Caribbean economist of whatever school, philosophy, ideological orientation accepts the value of foreign direct investment (FDI) in countries of the Caribbean. Every Caribbean government, historically and currently, accepts that FDI is necessary and desirable for the creation of jobs, economic growth, skills transfer, and government revenues. Even revolutionary Cuba under Fidel, Raul, and Miguel has accepted the vitality of FDI to Cuba's economy.

After all, domestic capital is relatively scarce; so, FDI becomes quite important. However, a bundle of questions which revolves around FDI includes: What is the type of FDI to attract? What are the terms, including incentives, on which FDI is attracted? How long ought incentives for FDI to last? Are similar incentives available for domestic investors? Is a particular type of FDI inimical to the people's overall interest? Is the particular investor unsuitable for investment in our country? Is the particular investor/investment enwrapped with official corruption? Are the workers in the FDI enterprise adequately or sufficiently protected? What is the extent of the linkages between the FDI and rest of the economy?

The Unity Labour Party (ULP) government encourages both domestic and foreign direct investment by the private sector in SVG. It asks, and answers, in favour of SVG and our people the very bundle of questions posed above, and more. The ULP government has repeatedly advanced a strategic frame for our country's economic development as being grounded in a tri-partite economy (private, cooperative, and state sectors), fashioned as a harmonious whole in the people's interest. FDI has a role in this strategic thrust. FDI, too, is important in the strategic paradigm shift from a colonial/amended colonial economy in the quest to build a modern, competitive, many-sided post-colonial economy which is at once national, regional, and global. Each word in the quest for this paradigm shift is pregnant with meaning. It is evident that before our very eyes, the ULP government has been leading this paradigm shift. The colonial/amended colonial economy which existed for some 237 years (1763 to around the year 2000) is being altered for the better. Both the relations of production and

exchange relations are being altered for the better; and this alteration has been underway for the last 24 years. It has not been easy; but it is happening.

FDI: GOOD AND BAD

Self-evidently some FDI is good for the economy and the people; and some are bad. For example, the NDP government's embrace of the FDI investment, in partnership, with the State at the Ottley Hall Marina was bad. It was an investment wrapped in crookery; it put our country into debt of over EC\$200 million for an asset worth EC \$16 million; the ULP government had to sort out this fiscal/incentive mess.

A splendid example of a good investment is Sandals at Buccament: Some EC\$800 million in investment; 900 permanent jobs; revenues for the government from VAT on room, food, and beverage sales in SVG; strong linkages with the rest of the economy (agriculture, fisheries, assorted services, etc.); no debt incurred by the country; no adverse fiscal over-hang from the project.

NDP'S CONTINUED SNIPING AGAINST SANDALS

Originally, Sandals had announced an investment of slightly in excess of EC \$300 million. It altered its plans and proposed doubling its investment; in the event, it more than doubled the investment.

It will be remembered that when Sandals altered its plans and significantly increased its investment, one of the NDP's senior spokespersons on the economy, St. Clair Leacock, stated his party's opposition to the increased investment. Leacock's objection was based on two silly grounds: (i) Too much investment by one entity is bad; [a query by ULP: How much is too much?] and (ii) the increased investment is politically good for the ULP and thus bad for the NDP. Clearly, Leacock's objection was based on purely party political considerations. What is good for country but bad for the NDP must be opposed by them.

It has been the same story with them and every other transformative initiatives for the country's benefit: Argyle International Airport; Rabacca Bridge; the Education Revolution; the Modern Port; the Modern Medical and Diagnostic Centre; the expansion of the Arnos Vale Cricket Facility for World Cup 2024; the roll-out of the Sir Vincent Beache Stadium; the Acute Care Hospital at Arnos Vale; membership of the United Nations Security Council; and so forth.

The success of Sandals for SVG and its people is galling the NDP. So, they must continue to snipe at it because the investment makes the ULP look good. The

latest exhibit in the evidence of the NDP's continued sniping against Sandals comes from the mouth of Fitz Bramble, representative for East Kingstown, at a NDP public meeting at Kingstown Park (near Curtis Shop) on February 8, 2025.

This is the infantile rubbish from Bramble:

“Looks at Sandals for example. Now. I can tell you from experience, tax incentives to attract Foreign Direct Investment is not a very effective method of negotiating; trust me. In many instances, when you offer an international business, particularly a business as big as Sandals or what have you, in many instances offering them 100 percent tax free incentive or what have you is neither, is not going to make or break the deal because with a New Democratic Party government, if Sandals comes to us and say ‘well fellas, we want to come and set up in St. Vincent’, you know I guarantee you Sandals is not going to be a proponent of 100 percent tax on duty free as a condition for them to come here. But of course, in small countries such as ours, when we feel we have to sell our soul and everything else, we jump and say, ‘boy Sandals alyo come nah, you ain’t gonna have to pay no taxes.’

“The man and them never tell we they don’t have to pay no taxes you know, but we feel that if we really want them to come that is how we negotiate, that’s not how to negotiate. And even if you try at Sandals, let me say that was part of a deal, it was attractive enough. And you say, ‘well boys, Sandals, we only go charge you 50 percent or 25 percent’, that is still millions of dollars coming into our economy. So when you don’t have the ability to properly negotiate and to properly attract foreign direct investment, you end up selling your soul.”

NDP’S FOLLY, BRAMBLE’S STUPIDITY

With foolishness and stupidity like all this from the NDP and Bramble, there would never have been Sandals on St. Vincent; there would not have been the benefits which the economy now gets from Sandals.

Ask yourself these questions: Other than the Ottley Hall fiasco, what other FDI did the NDP bring on mainland St. Vincent in 16 ½ years of government (July 1984 to March 2001)? Indeed, other than the investment in the north of Canouan, what other significant FDI did the NDP government bring to SVG as a whole in those years? [Please note that the deal in Canouan has left SVG in quite a pickle which the ULP government is trying to sort out?] Why is it that no

government before the ULP government was able to attract an international brand-name hotel to St. Vincent? And does anyone think that Bramble, Leacock, Friday, and Cummings are better “negotiators” for FDI than James Mitchell, Arnhim Eustace, Jerry Scott or John Horne?

As to the issue of “selling your soul” to foreigners, the centre-pieces of NDP policies are: (i) To sell our patrimony (citizenship and passports) to a bunch of disreputable foreigners and in the process devalue our very citizenship, passports, and nation before the world; (ii) To cut diplomatic relations with Taiwan and become servile to mainland China and its seeker of Vincy passports.

FDI AND ITS LINKAGES

Our leader, Comrade Ralph, has repeatedly given full, cogent and incisive analyses of the role of FDI and its economic linkages in our Caribbean economies, including SVG. Readers may wish to turn to his compelling book entitled, A Time of Respair: Beyond COVID, Volcanic Eruptions, Hurricane Elsa, and Global Turmoil – Fresh Hope for SVG, published in September 2022. Or readers may wish to listen again to his contribution to the January 2025 Budget Debate.

In his 2025 Budget Presentation, Comrade Ralph laid out the context, framework, strategies, policies, and programmes, in propelling thw economy and society forward. In a logical sequence, the Comrade analysed the following, among other things: (i) Seven Core Inherent Weaknesses and Limitations of our economy; (ii) Seven Central Strengths and Possibilities in defining SVG; (iii) Seven Core Features of the colonial/amended colonial economy; (iv) Seven Core Features of a Modern, Competitive, Many-Sided, Post-Colonial Economy; (v) Ten Foundational Elements of the ULP’s Political Economy; (vi) Seven Central Outcomes of the ULP’s Economic Policies; (vii) The 17 Sustainable Development Goals; (viii) The ‘Sui Generis’ Nature of SVG’s Economy; (ix) The Major Policies of the ULP; (x) The Economic Programme as Outlined in Budget 2025.

Comrade Ralph took his time in his Budget Presentation to demonstrate that general economic theory is often unhelpful in analysing and prescribing for our economy; he outlined, too, that much of the literature on development economic generally is often also unhelpful. He emphasized that there must always be a search for “hidden rationalities” in our very socio-economic condition which may be at variance with general theoretical postulates of conventional/traditional economics. That search for “hidden rationalities” includes centrally the search for economic linkages (backward and forward linkages) to economic enterprise

whether generated by domestic private investment, FDI, 'cooperative' investments, or that initiated or conducted by the State.

This linkage or linkage effect Comrade Ralph emphasised, is a characteristic, more or less compelling sequence, of investment decisions in the course of economic activity (for example manufacturing, tourism, agriculture, fisheries, construction, applied technology, transport (road, air, sea), physical infrastructure, services, etc.), and more generally, of economic development.

With the aid of Albert Hirschman, a titan in the field of development economics, the Comrade contested the conventional representation of an economy where natural resources, factors of production, and entrepreneurship are all unequivocally available in given, if scarce, amounts and need only to be efficiently allocated to various activities for best results. In quoting approvingly from Hirshman's 1986 book, Rival Views of Market Society, "development depends not so much on finding optimal combinations of given resources and factors of production as on callin forth and enlisting for development purposes resources and abilities that are hidden, scattered, or badly mobilised."

Accordingly, a strategy for economic growth and development needs, among other things, to value investment decisions (whether domestic private, FDI, 'cooperative', State) not only because of their immediate contribution to output, but because of the larger or smaller impulse such decisions are likely to impart to further investment, that is, because their linkages.

In short, Sandals' investment is vital not only to the direct benefits (such as employment, revenues for government), but for the knock-on benefits derived to other persons/investors: farmers, fisherfolk, taxi operators (land and sea), tour guides and tour providers, renters of ATVs, entertainers, craftspeople, providers of public utilities (water, electricity, telecoms), landscapers, security guards, operator of the Argyle International Airport, and a host of other providers of tis or that service or good which emerge from the submerged "hidden nationalities".

The NDP's approach is so silly, backward, and anti-development. They are not yet ready. The grumpy old men who run the NDP do not get it!

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