

Government Linked Companies, Self Confidence and Breaking the Cycle of Poverty in Dominica

by

[Gabriel J. Christian, Esq.](#)

Dominica in 2007 continues to suffer the contraction in new sources of public and private sector revenue and investment, after the virtual collapse of the mono-crop banana industry in the late 1990s. The major projects now being implemented are primarily derived from grants from the Bolivarian Republic of Venezuela (housing, Melville Airport extension, oil storage and refining), the Peoples Republic of China (national stadium and road works) and Cuba (Princess Margaret Hospital Nursing School reconstruction and diagnostic clinic outfitting). All these projects are gifts of friends.

While we welcome gifts, they do not build sustainable development unless we link them to particular development philosophy, which seeks development of a locally owned public and private sector asset base. Why is this is so? To answer that question, it is prudent that we briefly explore how we got here.

Dominica, as a former British colony, still bears the imprint of colonialism and slavery. During the slave period the land was owned by expatriates who repatriated their wealth as explained so well in Dr. Eric Williams legendary work *Capitalism and Slavery*. At emancipation the plantation owners were compensated but not the slaves whom they had exploited. That historical fact is the basis for the minimal capital formation amongst the ranks of the majority indigenous and African descended population. Poverty drove many Dominicans to migrate to Cayenne, Venezuela, Panama and Curacao in the early to mid-19th century. In the post World War II period many others fled to the US Virgin Islands, the United Kingdom, Canada and the United States of America to escape the clutches of second class citizenship and the lack economic space within which to thrive. Color and class, prevented the most Dominicans from being able to build businesses. However, Dominicans were not content to allow such a status quo to continue. With the advent of the Dominica Trade Union in 1945 wages increased and political activism opened new doors when universal adult suffrage was granted in 1951. In 1961 the advent of the Dominica Labour Party and E.O. LeBlanc followed up the opening to local control begun under the administration of Chief Minister Frank Baron.

By 1970, with education reform, a dynamic banana growing peasantry on their own plots of land, the growth of savings via the locally owned credit unions and Dominica Cooperative Banks, more Dominicans owned land and businesses than at any time in history. This was no accident. That progress was spawned by a specific economic

policy with socialist direction aimed at putting as much well as was possible in the hands of the majority. Government linked corporate (GLC) bodies such as the National Commercial and Development Bank, Agriculture and Industrial Development Bank, and Social Security Administration were all born under the Labour administration of that time. Even Dominica Coconut Products, while privately owned, was a GLC in that it benefited from a variety of state incentives and tax breaks to ensure its survival against foreign competition. These GLC entities did much to improve the quality of life for Dominicans and gave birth to a relatively well educated middle class. With the transition to the Dominica Freedom Party there was less emphasis on the creation of such companies and a tendency toward privatization of state assets. To its credit however, the Dominica Freedom Part purchased DOMLEC, the local electric company.

Today, we need to spur self confidence and ownership in our people. Where our private sector is too debt ridden or lacking in vision to act, our government must be guided by the philosophy of wealth creation and local asset control favored by our nation's founders such as E.O. LeBlanc.

[Back to Economic Development](#)