

**M. A. Ayub.** *Made in Jamaica: The Development of Manufacturing Sector.* Baltimore: The Johns Hopkins University Press. 1981. xxii+128 pp.

Jamaica, known in the world for her rich deposits of bauxite ore, is a small Caribbean country with an area of 10991 square kilometers and a population of just over two million individuals. This beautiful land, which was described by Columbus as "The fairest isle that eyes have beheld" has developed a remarkably diversified manufacturing sector starting from a modest industrial base. Jamaica's manufacturing industry enjoyed a respectable growth rate of about 6 percent per annum during the good old days of the euphoric '50s and '60s. However, those bright sunny days "when to live was bliss" were followed by the chilling winter of much subdued progress. The rise and fall of growth have aroused considerable interest among economists and policy-makers. The book under review probes the causes of this behaviour by analysing key characteristics of Jamaican manufacturing sector and tracing its path of evolution.

The book consists of six chapters which deal with separate, yet interrelated, issues. The opening chapter sets forth the purpose of the study and provides a brief and concise summary of research work presented in the book. Various government incentives offered to the industrial sector, along with the costs and benefits associated with them, constitute the subject matter of the next chapter. Chapter 3 presents a comprehensive and illuminating review of the evolution of the sector substantiated by an analysis of the factors which determined the course of this evolution. The effects of certain government policies on the structure and functioning of Jamaican manufacturing industry are enumerated and quantified in Chapter 4. The main theme of the fifth chapter is the measurement of the extent of protection provided to the manufacturing industry. The last chapter mainly deals with the evaluation of the future prospects of the sector and puts forward some policy recommendations to further brighten them. The book also contains as an appendix the survey questionnaire used to collect data for the study.

In the early period of her colonial history, Jamaican manufacturing industry did not show much significant progress. The main reason for this sluggishness was the negative attitude of the British rulers. This attitude was based on the apprehensions that the development of Jamaican industry would reduce British exports to that country. Nevertheless, the advent of World War II, which resulted in the

weakening of colonial power of the British and world-wide shortages of manufactured commodities, forced this attitude to change. Consequently, the Jamaican industry, which later on proved to be the engine of growth for the economy, was put on the right track.

In the twilight of the post-war era, the Jamaican manufacturing industry had a unique opportunity to flourish in the congenial atmosphere of global enthusiasm about development and progress. At this critical point, Jamaican government introduced a number of schemes of incentives to boost the industrial sector. The book offers a wide ranging survey of the costs and benefits of these incentive schemes. It provides some estimates of the cost of various incentives in terms of the government revenues forgone. On the basis of these calculations, the author concludes that these costs are "an unnecessary sacrifice of Jamaican tax revenues". It can be argued that this judgement is based on an overestimation of the revenue costs since he has made no allowance for the revenue gains which might have accrued to the government from the increase in output and trade caused by these incentives.

A number of other government policies have also been criticised by the author. One of the examples is the bauxite levy which was imposed on foreign companies involved in the extraction of bauxite ore. He believes that this tax has served as a disincentive to foreign investment. The reality of this claim crucially depends upon whether the producers are able to shift a major proportion of this tax to the consumers or whether they themselves have to bear it. Since he has produced no empirical evidence in this respect, this claim may be taken as a value judgement.

Similarly, the author places major responsibility of the problems like low labour intensity, high degree of industrial concentration, high dependence on imported raw materials and low capacity utilization on the Jamaican government, while he makes only passing references to the role of foreign licences and transnational corporations. In fact, the role of transnational corporations in the industrial development of the Third World countries is a much disputed area of development economics. These corporations are often accused of adopting technologies which are inappropriate for the indigenous economy, ignoring native skills and raw material in favour of imported stuff and integrating their production operations with their international circuit in such a way that their linkages with the domestic economy are reduced to nominal. Argument is also made that although the investment undertaken by these corporations is likely to stimulate economic growth, it gives rise to a pattern of dependence which stultifies the type of structural transformation needed to initiate the process of self-sustained and lasting development. In Jamaican context, these issues assume immense importance because a significant part of investment in Jamaica's manufacturing industry is controlled by these big conglomerates. The absence of a detailed discussion on these interesting topics will be deeply felt by many readers.

Notwithstanding Robert S. McNamara's claim in the foreword to this book that "the views expressed and the methods explored should not necessarily be considered to represent the Bank's views", the policies recommended for industrial growth in the last chapter are in great conformity with the traditional World Bank policy package. These policies include easy availability of imported inputs, a firm commitment to mixed economy, a 'realistic' exchange rate and a restrictive wage policy. He suggests that the future of Jamaican manufacturing industry primarily rests on adoption of these policies. In doing so, he seems to ignore some recent developments. The dramatic advances in labour-saving technology and the rising tide of protectionism in the developed world of today threaten to change the global pattern of trade in such a way that the developing countries may be driven back to the production of primary goods. One way to avert this disastrous situation would be to promote trade among developing countries by strengthening and expanding regional trade organizations like Caribbean Community (CARICOM) and Caribbean Free Trade Association (CARIFTA). While evaluating the future prospects of the Jamaican manufacturing sector, the author has not fully explored these possibilities.

Overall, the book may be regarded as a commendable attempt to supplement previous work in the area and open new avenues for further research. The author deserves particular admiration for conducting a comprehensive and rigorous survey of Jamaica's manufacturing industry. The 40-page questionnaire used for this survey asks for a host of pertinent qualitative and quantitative information. It is hoped that the book with its invaluable survey data and questionnaire will be much valued by those who intend to undertake serious empirical research on the industrial development of the Third World countries. It will also be a precious addition to the shelves of the students, teachers and policy-makers of the developing economies.