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Canadian Financial Imperialism and Structural Adjustment in the Caribbean

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Abstract

From the start of the early 1980s, structural adjustment was already normalized in the Caribbean given the power of a variety of self-interested actors, including the U.S., IFIs, and Canadian investors who continued to advance and support— by any means necessary— structural adjustment policies in the Caribbean. Debt traps, coupled with incursions on Caribbean state's sovereignty would see the neoliberal and capitalist doctrine accepted by all of the independent states in the English-speaking Caribbean region by the mid-1980s. Structural adjustment drastically intensified the existing inequalities in states and removed the ability for governments to alleviate these situations. Alongside Caribbean structural adjustment policies (SAPs) in the 1980s was also a successful wave of imperialist (anti-socialist and anti-communist) propaganda. The result being that many of the independent states in the region would see left governments replaced with reactionary conservative ones; And a small number of states confessing themselves to be socialist and/or Marxist-Leninist to receive help from other socialist (and non-aligned) states, like Cuba and the Soviet Union. This article analyzes the causes, characteristics and consequences of the new global international architecture of the 1980s to the 2000s, looking at new opportunities for foreign investors that arose in the 1980s, and how these changes strengthened the already powerful Canadian banks and investors in the English-speaking Caribbean.

Keywords

Structural Adjustment, Canada, Imperialism, Caribbean, International Financial Institutions, Grenada

Introduction

This article analyzes the causes, characteristics, and consequences of the new global international architecture of the 1980s to the 2000s, looking at new opportunities for foreign investors that arose in the 1980s, and how these changes strengthened the already powerful Canadian banks and investors in the English-speaking Caribbean. I address the effects of the Canadian banking oligarchy on Caribbean development by focusing on the consequences of outsized foreign ownership of capital in the region as broader changes in the international financial system were occurring. The main point being that Canadian interests in the region continued to play an important role in the consolidation, concentration, and domination of Canadian banks there. During the late 1970s and early 1980s, international financial institutions (IFIs) used the economic crisis faced by Caribbean states to impose structural adjustment policies as a condition for those states in need of financial assistance. Financial assistance was necessary for states in the region which needed to address their balance of payments problems, the fall in their export revenues, and lowered prices for their oil and other raw materials.

From the start of the early 1980s, structural adjustment was already normalized in the Caribbean given the power of a variety of self-interested actors, including the U.S., IFIs, and Canadian investors who continued to advance and support— by any means necessary— structural adjustment policies in the Caribbean. Debt traps, coupled with incursions on Caribbean state's sovereignty would see the neoliberal and capitalist doctrine accepted by all of the independent states in the English-speaking Caribbean region by the mid-1980s. Structural adjustment drastically intensified the existing inequalities in states and removed the ability for governments to alleviate these situations. Alongside Caribbean structural adjustment policies (SAPs) in the 1980s was also a successful wave of imperialist (anti-socialist and anti-communist) propaganda. The result being that many of the independent states in the region (e.g., in Jamaica, Manley was succeeded by Seaga) would see moderate and left governments replaced with reactionary conservative ones. And a small number of states (e.g., Guyana under Burnham, who, after nationalizing its bauxite industry, witnessed harsh retaliation from Canada and the US) confessing themselves to be socialist and/or Marxist-Leninist to receive help from other socialist (and non-aligned) states like Cuba and the Soviet Union.

Although initially enveloped in the general trends of the region under the Gairy regime, Grenada became an exception to the situation engulfing the rest of the English-Speaking Caribbean. This is because after its successful revolution, which occurred in March of 1979, the revolutionary government went to work on improving the economic situation within Grenada as the 1980s came and progressed on, until the untimely end to the revolution in October 1983. Within the article, while the English-Speaking Caribbean region maintains the focus, special attention is given to the case of Grenada, given that it attempted to distance itself from the burgeoning neoliberal system of the 1980s that relegated English-speaking Caribbean states as sites of imperial domination. The untimely demise of the revolution in Grenada would witness Grenada's reinsertion (or reintegration) back into the neoliberal system,[1] facilitated by Western

[1] When we think about neoliberal policies, the ideological underpinnings of said policies, and how they impact us domestically, internationally, socially, politically, and economically – Klak (1998) reminds us that neoliberalism "serve[s] to perpetuate the highly unequal power distributions at the national and international levels" (4), while maintaining the exploitative (fundamentally capitalist) status quo; In the Caribbean, neoliberalism often refers to

states like Canada and the U.S., and international organizations like the World Bank and International Monetary Fund (IMF).

The IMF's involvement is worth paying close attention to, given that the IMF mandate changed from the 1940s when it assisted European countries, to how it would assist countries belonging to the Global South. IFIs like the IMF were created in 1944 during the aftermath of WWII to address the balance of payment problems experienced by European countries. At that time, European countries received generous assistance from the IMF to "rebuild their economies and societies" (Phillips 1993,1). However, by the 1980s— and during the balance of payment problems experienced by the developing world— the IMF restructured its lending policies (Phillips 2002; Melville 2002; Ramesh 1992), to focus more on "conditional lending," acting as "fiscal disciplinarian[s] for distressed sovereign borrowers, monitoring their compliance with loan conditions" (Roos 2019, 14). This stood in stark contrast to the "social democratic order of the post-1948 period" (Gordon & Webber 2016, 129) which stressed rehabilitating distressed societies and economies in need of financial assistance. Instead, SAPs decreased the relative autonomy of developing states, by providing supra-specific mandates for financial and economic stabilization. The IMF justified this shift due to its changed focus on restoring macroeconomic stability in countries experiencing crisis, with attention to recovering and promoting economic growth (Melville 2002, 3). These new policies were in direct response to the restructuring of the capitalist world economy which elevated the role of finance in it (Gordon & Webber 2016; Roos 2019).

According to Ramsaran (1992), during the 1970s and 1980s states in the Caribbean were often subjected to policies at odds with their development and economic objectives, which reflected the priorities of dominant financial relations within the international system. During the late 1970s, as states in the English-speaking Caribbean faced economic crisis, financial conglomerates and other large corporations from developed countries were operating in an uncertain environment of increased internationalization and global competition for foreign markets. Larger countries saw trade liberalization— especially in capital markets— to address economic crisis, including a falling rate of corporate profits, rising inflation and unemployment (Moseley 1990). Toward this end, financial capitalists "played a central role in the renewed project of capitalist imperialism" in its time of crisis, via the "neoliberalization of the globe" (Gordon & Webber 2016, 12).

Grenada's aggressive reinsertion back into this system happened in the aftermath of Maurice Bishop's assassination, the subsequent United States invasion of Grenada, and the mass arrests of party leaders from Bishop's People's Revolutionary Government (PRG). The main takeaway from the invasion into Grenada is that states in the Caribbean which did not accept the terms of the neoliberal doctrine were subject to military and political interventions, followed by the imposition of neoliberal economic policies. The policies themselves, which made these states available to imperial penetration being the end goal. That the U.S. decided to invade Grenada, although it had no significant investments or trade with the island prior to the invasion, says as much. This has led some to call the U.S. invasion of Grenada "the first neoliberal war" (Forte

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"that nexus of socioeconomic and political forces referred to variously as 'neoliberalism,' 'the Washington consensus,' 'corporate globalization,' or simply 'globalization'" (Scott 2006, 2).

2013). It was also the case that an invasion into Grenada under their revolutionary government by the U.S. was imminent, if not, outright planned. Two years prior to the actual invasion, “NATO exercises in 1981” on Vieques, Puerto Rico carried out a “practice operation”[2] in which the scenario included “occupy[ing] an imaginary Caribbean Island state called ‘Amber and the Amberines (read ‘Grenada and the Grenadines), [to] rescue American citizens resident therein and replace its hostile government by one friendly to the USA” (Searle 1984, xxi). The aforementioned being the exact justification used in the aftermath of Bishop’s assassination and the quick timing/ease of US forces invading the island.

Given lack of tangible U.S. interests in states like Grenada, the post-invasion environment of the country showed that Caribbean states subject to U.S invasion would thereafter be left in the hands of Canadian financiers, who both the U.S. and IFIs trusted to advance the broader strategic and economic goals of structural adjustment, in line with the system. Adherence to the failed neoliberal doctrine for development in the Caribbean region, would be accepted by all states by the mid to late 1980s, given the international mishandling of Grenada. In the post-invasion period, other newly independent Caribbean states placed a lot more emphasis on state police forces to limit rebellions against reformist and revolutionary agendas. For instance, the Dominica Defense Force (DDF) was utilized multiple times in the aftermath of its independence to put down legitimate civilian protests and mass movements (Phillips 2002, 52).[3] Canada has also been crucial to “training police and security forces in the Commonwealth Caribbean” (Momsen 1992, 506).

Generally, Canada’s role in imperialist domination of its Global South neighbors, in both the Caribbean, Central and South America, receives little theoretical and analytical attention. This article is an indictment of Canada’s role in ensuring states in the English-speaking Caribbean (as well as the rest of the Global South) remain subservient to Western and other foreign capital. The case of revolutionary Grenada is telling, given that during the revolutionary government’s tenure, the Grenadian economy grew at a 3% annual rate. This was true even as most other English-Speaking Caribbean states experienced stagnation and decline – even with the enforced structural adjustment policies from international organizations that alleged structural adjustment policies would lead to economic developments and growth. Nonetheless, the post-revolutionary environment in Grenada would see Canadian advisors pursue these same failed policies in Grenada. The effect being that the post-revolutionary environment would witness an influx of Western capital, but limited economic developments and growth. This is precisely because in the Caribbean region, the neoliberal doctrine as championed by Western states like Canada, only serves to enrich external capitalists and the local elites supporting their policy preferences.

The Neoliberal Turn, Canada, and the English-Speaking Caribbean

It should be noted here that all state relationships were impacted by the neoliberal turn. Prompted by the U.S. and Western European states, Canada’s acceptance of the neoliberal doctrine was spottier, and it was not until the late 1970s that capitalist governments in Canada also accepted the neoliberal structuring of the global financial system. Given the crisis of the dollar (thus the

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[2] It should be noted that during this mock/practice operation, “over 120,000 troops, 250 warships and 1,000 aircraft [were deployed] to Vieques Island” (Searle 1983, 37)
[3] Under Charles regime, Dominica was extremely close with the Reagan administration in the U.S.

Bretton Woods system) Canada was pushed to adopt a policy of "monetary gradualism" in the early 1970s, which w[as] supplemented by wage and price controls introduced from 1975-1978" including anti-inflation laws "which restricted or rolled back union wage increases" (King 2001, 116 & 122). This was because "exchange rates ha[d] always played an important role in Canadian politics," and the Canadian government and financial sector did not want to spook any of its financial investments given its "high integration" in "international financial markets" and the "importance [of its] traded sector" (King 2001, 116). At the time, the most effective lobbying group in Canada was the CBA— which was able to bring about a "financial sector [with] unified preferences" even in the midst of fragmentation "due to the presence of universal banking and a central bank [in Canada] that was not [actually] responsible for banking regulation" (King 2001, 127 & 137).

Financial sector power in Canada, based on the strength of Canada's chartered banks, allowed neoliberal policy prescriptions to occur on the terms of the financial sector. This was because "rising government deficits and intermediate government debt levels [in Canada] suggested that politicians were dependent on [the financial] sector for financing" (King 2001, 137). Although there was opposition in Canada by manufacturers, exporters, and unions not yet covered by collective wage agreements— they had "weaker lobbying effectiveness" (King 2001, 137). Unsurprisingly, by 1981-1982 governments in Canada successfully "reversed union's collective bargaining rights and right to strike, and imposed wage controls… [which] led to a significant decline in union membership and power in Canada" (King 2001, 122) to the benefit of big corporations and the changed neoliberal landscape. While already competitive abroad, Canadian banks also restructured their international operations at this time, their reasoning for doing so mostly revolved around the uncertainty of the unstable global monetary system.

The most notable restructuring happened during the 1980s when the Royal Bank divested from a large portion of its Caribbean (and Latin American) operations. After leaving Grenada in 1983, RBC would leave Guyana in 1984 and then by 1985 pull out from most of its Caribbean operations in Trinidad, Jamaica, St. Vincent, etc. (Garrod 2018, ix; McDowall 1993, 406). RBC publicly blamed its divestments in Latin America and the Caribbean on deteriorating economic conditions in the region given the debt crises. Prior to the debt crisis, RBC utilized its operations in the region for accumulating financial assets. While profits did decrease during the debt crisis, the inability of Caribbean states to pay back loans is what ultimately led RBC to divest. RBC publicized its divestment to restore its "damaged public credibility" in Canada, given perceptions of it as a predominantly international bank influencing Canadian austerity (McDowall 1993, 417). This was due to growing anti-financial sentiments within Canada from other productive sectors of the economy bemoaning the influence of finance in the wake of increasingly austere and conservative politics. Ultimately, conservative governance— pushed by both the conservatives and labor parties— became the norm in Canada (strengthening the power of smaller parties, like the New Democratic Party (NDP), but not enough to challenge austerity) as elsewhere in the developed world.

While more developed states had more say in how they would accept or respond to neoliberal changes, developing countries faced structural adjustment programs as a condition to receive needed financial assistance. These programs integrated developing states into the broader global financial system. The debt crisis helped wealthier countries expand neoliberal capitalist policies into more states. Liberalization, deregulation of financial activities, and reduced government spending all aimed to serve the interests of financial capital. These policies often increased foreign direct investments into developing countries, albeit with no real development objectives outside of economic growth, of which private industry benefited. Speaking at a board of governors meeting at the IMF in 1977, a representative from the Bank of Trinidad and Tobago—"on behalf of six Caribbean countries"— noted that while they "accept the need for conditionality in the disbursement of Fund resources… there is increasing concern among [them] that the conditionality at present attached to the use of [the Fund's resources] may serve to impair the effectiveness of Fund assistance" (Owen & Rhodin 1977, 7). The main concerns were the negative social outcomes which resulted from the conditionalities, including the power that the conditions afforded a few private and foreign industries, and the high interest rates which made some of the debt expensive. IFI conditionalities were recognized as problems early on by Caribbean states given the recent history of political movements opposing neocolonial policies, and broader movements calling for a new international economic order. However, their concerns were brushed aside by the policy directives from the IMF board, which concluded that: States that come for assistance "do so because they are in a difficult payments situation…that will have to be remedied, whether the member draws on the Fund or not…the adjustment measures that are required in a particular case are worked out very carefully between a member and the Fund" (Owen & Rhodin 1977, 7).

Essentially, both the debt crisis and the neoliberal turn cemented further buy-in to the system on a global scale. States, including those in the Caribbean, were bound by rules established by IFIs in a more global and financialized system that made developing states' governments "subservient to international creditors for their own survival" (Roos 2019, 11). States which sought and received help from IFIs in times of crises, all liberalized their financial systems and opened their economies. Deregulation during this period also had the effect of limiting the amount of corporate competition which existed. Big multinational corporations, given financial deregulation and liberalization, were allowed to merge with and/or acquire their competitors which helped them become bigger—as they relied on corporate takeovers to consolidate power in global markets in attempts to lessen the effects of market competition. This led to further concentration of different private industries within countries, including (and especially) in the financial sector.

Within the English-speaking Caribbean context, during the late 1970s Canadian banks faced both an economic and political crisis in the region that saw the value and quantity of their investments in the region decrease. This was because Canadian banks faced the dual challenges of declining investments and the rise of political opposition in the Caribbean, that identified their presence as a manifestation of neocolonialism. During the debt crisis and its aftermath, Canadian banks would find themselves better positioned within the English-speaking Caribbean region than they were during the early 1970s. IFI conditionalities on Caribbean states seeking credit at this time aimed to "deepen the ties between the Caribbean," and the changing "global financial system" (Canterbury 2016, 116). Given internationalization and global competition, this necessarily meant that foreign investors would yet again be positioned as 'saviors' for the region's economic crisis. For Canadian financial interests, IFI stipulations were welcomed given their unique positioning in the region which placed them as advisors on the kind of structural adjustment packages IFIs designed for the region.[4]

IFI recommendations privileged privatizing whole sectors to increase foreign investments. These policies provided further incentives for foreign ownership in the region, contributing to the already concentrated number of foreign entities in various industries, including in the financial sector. Reminiscent of the post-colonial laws in the late 1950s and the industrialization by invitation policies of the mid and late 1960s— sans former colonial preferences — IFI stipulations yet again reduced "the scope for national discretionary control of the monetary system [maximizing] the unfettered action of foreign private investors" (Thomas quoted in Canterbury 2016: 122). Foreign ownership and foreign investments became the 'answer' to Caribbean development without any "real commitment to the [local] development of the region (Canterbury 2016, 122). This locked these states further into the dependent and colonial relations that already existed. Institutions like the IMF and World Bank were allowed to set the terms of Caribbean engagement in the global economy to the benefit of foreign capitalists which already controlled much of the region's finance.

Expectedly, neoliberal policy prescriptions in societies that already had limited amounts of capital for government spending, high unemployment rates, and crisis management— only deepened the effects of crisis. Neoliberal policy prescriptions also reduced governments' policy autonomy and their ability to address mass social and economic inequalities— especially those stemming from the practices of foreign corporations. Not unlike the 1970s, during the 1980s states like Jamaica, Guyana, Trinidad and Tobago— and to a lesser extent Barbados— continued to make attempts to curb foreign bank (and other foreign industries) repatriation of profits in their countries. While governments would have small successes in attempting to localize developments in their financial sectors, states facing financial crises would see Canadian reinvestments back into the region at profitable margins in the 1990s. Nonetheless, throughout the 1980s and 1990s brief periods of local bank development in the Caribbean region would emerge to provide financial alternatives to Caribbean people not being serviced by big foreign banks. Ultimately, with few exceptions (e.g., Trinidad and Tobago), local bank developments would be short-lived due to undercapitalization and renewed competition from Canadian (and other) banks in waves throughout the 1980s and 1990s. The number of choices available to English-speaking Caribbean states regarding their own development were limited, and dependent on the whims of big private and foreign interests.

To illustrate limited state choices given foreign corporate power and the neoliberal development that was pushed on states, Guyana stands out when it attempted to make bold legislation with the aims of addressing foreign currency exchange shortages that existed in the country. Guyanese legislators identified lax repatriation laws as a major contributor to the exchange shortage in the country. In 1985 Guyana passed legislation that "required foreign banks to bring in capital to back their operations in Guyana" (Khan 2001, 47). With little room for maneuver, the Guyanese government positioned itself as willing to "assume control over [it's] banking system, since foreign banks were unwilling to bring in new capital when there was no assurance that they

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[4] "Advisor" is being quite lenient in regards to the role of Canadian banks, as they played a direct hand in creating the types of adjustment packages states in the English-speaking Caribbean would come to accept. CIDA, for instance, was directly involved in Guyana first structural adjustment loan from the World Bank (Engler 2009,77).

would be allowed to repatriate profits" (Khan 2001, 47). This bold piece of legislation backfired, however, because while Canadian (and other foreign) banks chose to sell to the government, they left Guyana further indebted to IFIs and other agencies. By bucking the neoliberal orthodoxy, Guyana suffered from an even larger decline in foreign investment and capital. By late 1980s and early 1990s, the Guyanese government abandoned this position and "announced its commitment to lowering its participation in the financial sector through restructuring and privatisation" (Khan 2001, 50).

The Guyanese example is provided to demonstrate two things: First, the neoliberal turn required compliance with the system. Second, non-compliance would leave states stuck in economic crisis, unable to amass both capital and credits as they are snubbed by investors in the system. Unsurprisingly, many states in the English-speaking Caribbean would find the costs of non-compliance too high. Unlike the previous decades, domination by Canadian banks as further assisted by IFIs in the late 1970s-1990s, would lack strong political, social, and movement resistance from states in the region (like the 1970 February Revolution in Trinidad & Tobago). Caribbean governments increased spending on police to quell protests and rebellions, alongside Western military interventions in the region to maintain the status quo.

To think about it in another way, English-speaking Caribbean states faced a crisis during the 1980s that had all the hallmarks of the 1960s: states needing capital, economies controlled by foreign corporations, a local elite that benefitted from and accepted the situation, governments that focused on reforms that would attract foreign aid and investments, and a need to import food and other necessities from more developed countries. However, unlike the 1960s, the 1980s would see greater coordination between multinational banks and other global financial institutions in response to a crisis of global capitalism. IFIs worked with the largest commercial and investment banks to coordinate the enforcement of structural adjustment conditionality. This policy coordination occurred in conditions of vast increases in the internationalization of capital flows, which exposed banks to potential large-scale insolvency during the financial crises of the early 1980s. Changes in the international financial system during the 1980s would see "[t]otal earnings on international assets peak in 1981 at $815 million after which they fell— in part because of the provisions for the possibility of large loan losses" (Kaufman 1985, 67). The IFIs and commercial banks coordinated with junior partners in the Caribbean who were dependent on establishing solvency for creditors through structural adjustment conditionality. The emergence of Caribbean governments that were willing to cooperate with these demands facilitated the conditions for a resumption of foreign investment to the region. These developments proved especially beneficial to Canadian banks and firms which already had investments in the region, putting them in a stronger position to compete for market share because of the terms of structural adjustment.

As investment conditions improved for Canadian banks, they became even more profitable in the region by the late 1980s and 1990s. Bank Act revisions in Canada made deregulatory changes that allowed Canadian banks "to develop into financial conglomerates with [increased] involvement in a wide variety of financial areas." (Freedman 1998, 13-15). These changes would once again see foreign currency assets and liabilities emerge as important components of Canadian banks balance sheets, reflecting "retail operations abroad, especially in the Caribbean"

(Freedman 1998, 34-35).[5] Indicative of these changes, during the mid-1980s the English-speaking Caribbean region saw an increase in mergers, acquisitions, and takeovers in its financial services industry (Khan 2001). This helped Canadian banks grow bigger in the region and solidify their 'competitive edge.' The changed environment of a new international financial architecture solidified Canadian banks as dominant financial institutions by the 1990s, despite the brief period in the early 1980s when several of the major Canadian banks briefly reduced their investments, though there remained significant differences among banks in their investment (and divestment) strategies.

To recap the tumultuous decade: Scotiabank's broad range of services and overseas locations would make its experience in the late 1970s and 1980s much different from RBC and CIBC, both of which undertook more divestments from their overseas operations in the early 1980s. For instance, in the 1970s and early 1980s, "the Royal had been making most of their profits by recycling Eurodollars[,]" as well as Petrodollars from the oil booms of the early 1970s, "through huge loans to Third World governments" (Garrod 2018, 217). Meanwhile, CIBC took a more nationalist, approach due to anti-financial sentiments within Canada, which resulted in an emphasis on North American expansion. While CIBC made public claims that they "are a Canadian bank and [thei]r priority is to serve Canadian customers" (Darroch 1994, 188), their North American expansion was mostly in the U.S. to address volatile earnings within Canada. Both examples stood in stark contrast to Scotiabank, which continued to successfully expand its operations in both the U.S. and Asia during crisis, as well as venture into gold markets— making Scotiabank's capital base stronger than its competitors (Darroch 1994, 98-100). Thus, unlike CIBC and RBC, Scotiabank did not close or divest from any of its Latin American and Caribbean operations, choosing instead to expand into even more areas.

Not surprisingly, changes in the global landscape of international finance during the 1980s, made it so that by 1981, "[o]ver half [of] the profits of Scotia-bank [were] generated internationally…and roughly half the profits of the Royal in 1982" (Kaufman 1985, 71). In 1983, the top five Canadian-owned chartered banks controlled 85% of total bank assets in Canada (Canada, Department of Finance). Of the top five, RBC and CIBC comprised the top two on the list, with Scotiabank placing fourth. Together, these three banks comprised 54.2% of total Canadian bank assets (Canada, Department of Finance). Ultimately, Canadian banks were able to use the dynamics of the debt crisis to continue expanding—albeit unevenly— throughout the Caribbean (and Latin America), even as the states in the region experienced debt crises. Crucial to their success in the region was the increasing market power of finance, which harmonized well with IFI structural adjustment packages that reinforced their financial power— and the private profits to be made from it— over that of development.

Ultimately, as increased privatizations and expanded access to financial markets became pivotal to development strategies of the 1980s, Scotiabank continued to increase its overseas operations and expand its loan portfolio even further in the Caribbean. On the other end, by the mid-1980s CIBC maintained that expanding its international presence would bode well for its domestic operations— explicitly making the case that its international activities would help financing in

[5] Freedman also notes that in the 1970s and the first half of the 1980s Canadian bank expansion into the Euro-market and increased lending to less-developed countries (LDCS) also contributed to the growth of Canadian dollar assets and foreign currency assets (Freedman 1998, 35)

Canada. Thus, it resumed its investments in the Caribbean region. The devaluation of Caribbean currencies and the losses RBC experienced in the region— given governments' non-payments on loans— did lead to bigger divestments from RBC in the late 1970s and early-1980s. However, RBC's increased investments into the region during the late 1980s and 1990s would rival that of Scotiabank, which never left the region. For RBC, financial losses during the late 1970s and early 1980s were minimal, especially in comparison to the gains to be made in the post structural adjustment period. Then, debtor states in Latin America and the Caribbean who received assistance from IFIs in the 1980s were bound to repay their debts in the system.

IMF and World Bank Structural Adjustment in the 1980s and 1990s: Canadian Banks, Financial Interests, and the Caribbean

During the economic crises which shook the Third World in the 1970s, foreign financial banking institutions, including Canadian ones like RBC, started to sell interests to local capitalists and regional governments with prices ranging between $1 dollar to $6 million dollars by the early 1980s (Hudson 2010, 44). While shocking, this development was welcomed by states looking to assert economic autonomy and sovereignty from their economically dependent situation. What is most telling about this selling of interests, however, is that these Canadian corporations buy-back in the region reemerges vigorously towards the end of the 1980s, given the introduction of IMF structural adjustment policies that they helped to write. Overall, the adjustment period of the 1980s and 1990s highlights the relationship between Canadian banks, the Canadian government, global financial institutions, and political classes in the Caribbean whose interests align with the region's dependence on foreign capital. Ultimately, IFI structural adjustment programs in the 1980s and 1990s could best be described as one of the tools utilized to address a crisis of capitalism which began in the late 1960s. As such, the goals of the packages discussed below aimed to integrate developing states into the changing financial architecture and open their markets to Western capitalists who faced declining profits and increased global competition for foreign markets.

In 1984, Canada's RBC bank "sold its assets in Guyana to the Guyanese government for $1 dollar (a transaction repeated by both National City Bank and Barclays)" (Hudson 2010, 44). During 1984, Guyana's government borrowed money from the IMF due to balance of payments problems which the loan would not help to fix. By 1985 Guyana would be ineligible to receive further funds without the implementation of IMF SAPs, due to the continued deteriorating condition of its economy (Ramesh 1992, xi). By 1989, Guyana became the poorest country in the Western Hemisphere, which was the first time that another country surpassed Haiti (which has suffered from economic isolation) for that position (Stabroek 2016). When Guyana underwent structural adjustment, strict adherence to the SAP policy was overseen by a Canadian support group. Canada's support was to turn the Guyanese economy around by facilitating the raising of funds for the Guyanese government through the privatization of state-owned enterprises, and the opening of other sectors for (foreign) private ownership and investment (Ramesh 1992, xi-xii). In other words, the Canadian support group would oversee the privatization of the Guyanese economy for Guyanese development under the SAP, privileging foreign investments.

To say that structural adjustment was harsh would be an understatement. Austerity in Guyana would see the workforce unable to secure jobs, and without capital necessary to meet basic living expenses. By the late 1980s, bauxite miners, sugarcane cutters, students, and teachers within Guyana—could no longer afford bus fare. In response to their declining economic situation within Guyana, workers started to picket the Canadian High Commissioners Office for the rules of the SAP that these commissioners had recommended to the IMF (Swift & Tomlinson 1991, kindle loc 1812). The Canadian support group recommended that Guyana undertake an intensive austerity plan that required a 230% currency devaluation, a 35% rise in interest rates, and a 20% wage increase (Swift & Tomlinson 1991, kindle loc 1719). However, given the circumstances, the 20% wage increase only occurred for a Guyanese person to be able to afford one loaf of bread, one-half a pound of chicken, *or* (not and), a gallon of rice (Swift & Tomlinson 1991, kindle loc 1719). Although the Canadian High Commissioner, Frank Jackman at the time admitted that these budgetary measures were unpopular, Jackman contended on a local broadcast, that the Guyanese people should be reassured and "take heart [because the] austerity package would encourage Canadian multinational corporations to look favourably on Guyana in making decisions about where to invest" (Swift & Tomlinson 1991, kindle loc 1719). As such, Canadian purchases and investments would service debts that the Guyanese government could not.

While a harrowing story about the social consequences of austerity, the Guyanese example is not an outlier. The IMF pursued a similar corporate development strategy throughout the region, that was encouraged by the Canadian banking community— especially RBC which wanted to regain its operations— and various Canadian support groups set up specifically for the region. RBC had sold its interests in Trinidad and Tobago in 1987 as part of the restructuring plan. However, in 1989 Trinidad and Tobago underwent IMF SAP to service their debts and RBC buy-back of its interests started (Ramesh 1992, xi). This although in Trinidad and Tobago, attitudes towards foreign investment were negative (Meyer 1995, 143)— given the history of foreign investments and protests against economic neocolonialism. The 1970s and early 1980s had seen Trinidad and Tobago pursue stronger pushes for government, and or local private ownership, over resource and other sectors— with Trinidad even going as far as installing "uncompetitive corporate tax rates" (at 45%) to discourage overwhelming foreign investment (Meyer 1995, 143). Nonetheless, the outcome of IMF SAPs in Trinidad and Tobago by the late 1980s would see the country pursue "a more liberalized approach toward direct investment to attract more foreign capital" (Price Waterhouse quoted in Meyer 1995: 143). In 1987 Canadian banks sold their 48 per cent stake in Jamaica's Royal Bank to Jamaica Mutual Life Assurance, and in 1989 with the implementation of IMF SAPs, Canadian investors (along with American and European buyers) swooped in (Ramesh 1992, xi; Hudson 2010, 44). The same thing occurred in Belize in 1987 when Canadian banks were sold to Belizean investors and when Belize underwent an IMF SAP, Canadian buy-back started— although these opportunities were also extended to American and European investors.

As privatization ruled by foreign capitalists persisted in the Caribbean region during the 1980s, Canadian investors faced less competition and more opportunity as they re-invested into the region. At this time, many European and some American investors began to look towards Russia and Eastern Europe, given the declining situation with the Soviet Union (Watson 2016, 49). This was compounded by increase investments into China given the lower production costs there and “the negative impact of NAFTA on foreign investment inflows to the Commonwealth Caribbean for export production” (Watson 2016, 49). Essentially, the Caribbean region was not the only space which opened itself up for foreign investors in the 1980s, as investment options abroad for investors increased. In a nutshell, as developing states ‘competed’ for foreign investment given monetary crises — investors which did go to specific countries, entered those spaces with more power. Because Eastern Europe and China piqued the interests more from other Western states, Canadian interests were allowed to have an even bigger role in the English-speaking Caribbean region’s legislation. These developments entrenched the monopoly power of the dominant Canadian financial institutions via limiting the amount of ‘developed’ state competition Canadian investors had in the Caribbean region— and Canadian interests pushed states towards IFIs, and other debt, acceptance.

As such, the crises did not mark the end of Canadian banking dominance in the region, but rather a brief hiatus for some of the banks. During the late 1980s and into the early-to-mid 1990s, Canadian banks would make their biggest push back into the region since their colonial introduction. In 1989, the then Chairman of the Royal Bank, Allan Taylor, convinced the IMF— with the appraisal of the Canadian banking community— that Canadian support groups were instrumental in advancing the position that “foreign investment in the borrowing countries would have to play a much larger role in resolving [their] debt[s]” (Swift & Tomlinson 1991, kindle loc 1719). It is then no surprise that towards the latter half of the 1980s, “financial regulation” in some Caribbean states “tended to have a Canadian focus” (Williams 1989, 181). These regulations largely aimed to exclude foreign branch operations from the general rules governing banks in the region; meaning that Canadian interests were able to legislate provisions to not regulate foreign bank branches in the region. Minimal regulation of Canadian financial investments abroad has always been considered a ‘problem,’ as identified by American and European competitors against Canadian investors. In the 1980s, this was not any different, as “Canada ha[d] few policies on outgoing investment; a situation that before [NAFTA], was often met with disfavour by American officials” because Canada would regulate and “screen” foreign investors while “not regulat[ing] their own multinationals” abroad (Meyer 1995, 40).

Thus, Canadian financial institutions with overseas operations not only benefitted from lax legislation within Canada on their behalf, but given the need for foreign investment in the Caribbean region, were also able to craft and avoid legislation there as well. For example, in Barbados “stipulations relating to capital requirements [did] not apply to branch operations, so that foreign branch operations [would be] excluded from provisions” stipulating capital requirements (Williams 1989, 182). This meant that in Barbados, of the seven banks that this general rule could have applied to—only two banks, which were not foreign, were subjected to bank regulations on capital requirements. This regulation was also utilized by states in the Eastern Caribbean Community (ECC), of which 22 of the 38 commercial banks operating in the ECC were foreign; meaning that the regulation would only apply to 16 or 42% of the banks there (Williams 1989, 182). It would not be unfair to assume that declining profitability in the Caribbean region during the mid and late 1980s contributed to favorable legislation towards foreign banks, to keep those entities within the region. This period was also notably marked by decreased corporate tax rates on foreign entities, to disincentivize withdrawal from the region (Williams 1989, 191-2). However, these corporate friendly policies towards foreign business and investments did little to help Caribbean societies themselves. The local banks who were subjected to these rules and capital requirements would find themselves unable to compete with foreign owned Canadian banks, only capturing small portions of their own local markets. Instead, Canadian banks would use declining foreign investments in the Caribbean region to entrench their own power with the help of structural adjustment and conditional lending to states.

Given the backlash of the previous decades to Canadian financial power in the Caribbean region, Canadian banks supplemented their Caribbean expansion during the late 1980s and 2000s pursuing two strategies to stave off scrutiny from countries levying critiques of neo-colonialism. First, Canadian banks sought to promote Canadian investment through acquisitions and mergers which would make it so that local market shares could be retained in the region. Mergers and acquisitions became a way for Canadian banks to consolidate power during the privatizations of the 1980s, by insulating themselves from critiques because the symbol of the merged and/or acquired entities remained 'local' and/or 'Caribbean.' In other words, Canadian banks became majority owners (50%+) in Caribbean companies that became privatized— after having seen increased government ownership or outright takeovers during the 1970s and early 1980s. Although the transition from state ownership to privatization put the control of these companies in Canadian hands, the companies still maintained their 'Caribbean-ness,' since small shares remained held by more affluent Caribbean people.

Mergers and acquisitions also seemed to be preferred by Caribbean governments— who pushed nationalization and state ownership in the 1970s, as the strategy implied that at some point in the future local shares, as well as government ownership of majority shares, had the potential to increase. Additionally, the language of 'partnership' around merging and acquisitioning staved off some scrutiny against governments, "even as control of these foreign subsidiaries remain[ed] highly spatially concentrated in Canada" (Meyer 1995, 73). Put together, there were increasing incentives towards merging and consolidating, which allowed large financial institutions to exercise monopoly power (Worrell 1997, 69). The uneven competition landscape also acted as an incentive to merge, because no matter how "numerous their smaller rivals, small size ma[d]e their services expensive" and unable to be a "competitive challenge" to these foreign banks (Worrell 1997, 69). In sum, government constraints due to crisis and backlash against foreign ownership within states, allowed merging and acquisitioning (privatization) to be seen as a strategy to address crisis (development).

While the Caribbean faced a "lost decade"[6] from the 1980s to 1990s, given the negative social situation and deepening inequality between people because of the neoliberal policy prescriptions in the 1980s— it was a booming year for big multinational corporations. Towards the latter half of the 1980s and heading into the 1990s, Canadian banks' lending and expansion (through incremental takeovers and mergers[7]), grew. However, as alluded to earlier, regional trends included (1) decreased market share (of about 1-3% in different Caribbean states) overall for

[6] According to Dr. Juliet Melville on the *Impact of Structural Adjustment on the Poor*: "the 1990s is regarded as a lost decade precisely because of the absence of economic growth and significant reversals on the social front. Szekely (2001) argued that SAPs in the 1980s resulted in the dismantling of the previous social development strategy, whilst the restraint of government spending across the board, the removal of subsidies, cost-based pricing for publicly provided goods and services and cuts in social spending adversely affected the poor disproportionately" (Melville 2002, 4).

[7] Deregulation has a substantial impact on merger decisions

foreign banks, and (2) an increase in market share for 'indigenous banks' (Juan-Ramón et.al. 2001). This is because of U.S. and European pull-outs in the region, but also because "the latter part of the 1980s [was] a period of retrenchment and sovereign debt rescheduling" (Létourneau & Heidrich 2010, 6). As part of these processes for instance, in 1988 RBC sold an important part of its Caribbean operations—the Royal Bank of Trinidad and Tobago to local interests (Létourneau & Heidrich 2010). RBC would do the same in Jamaica during this time as well accounting for some market loss for Canadian banks—as these sell offs hindered CIBC expansion into these states. However, Scotiabank at this time continued expanding into the region, operating in 24 Caribbean markets with 172 locations in 1992. CIBC, though less ambitious than Scotiabank, also expanded taking advantage of new opportunities for merging and acquisitioning.

Canadian Direct Investment Abroad: Number of Controlled Subsidiaries

Central America and the Caribbean*	1974	1979	1984	1989	1992
(#)	140	207	220	230	279
(%)	12.2	9.4	7.1	6.1	7.2

Source: *Whom Owns Whom, North America*. Dun and Bradstreet International (volumes 1974, 1979, 1984, 1989, and 1992); Reprinted in Meyer 1995

Note 1: "The distribution of Canadian FDI activity among Central America [and the] Caribbean countries has been quite uneven […] all countries within Central America are represented within this sample of outward direct Canadian investment, but the quantity of investee firms in these countries lag well behind those of the Caribbean" (Meyer 1995, 70-72)

Note 2: The table shows a steady increase in the number of controlled Canadian subsidiaries from 1974-1992, with a noticeable decrease in the overall percentage given the decreases in market share due to competition.

Canadian Acquisitions Abroad by Industry 1987-1990

Industry	**(%)**
Manufacturing	38.8
Financial	18.7
Resources	14.0
Services	8.3
Unclassified	6.9
Utilities	5.3
Merchandising Trade	5.0
Construction	3.0
Total	**100.0%**

Source: Knubley, J. W. Krause and Z Sadeque (1991). "Canadian Acquisitions Abroad: Patterns and Motivations." In Corporate Globalization Through Mergers and Acquisitions, 36-37. Reprinted in Meyer (1995).

As it solely relates to Canadian banks, heading into the 1990s, it was predicted that the three big Canadian banks in the Caribbean would "continue their long-standing, stable, profit-earning operations. Some less-productive branches [would] be phased out," but even then, "the large network [would] be maintained and in a few cases[,] extended" (Kaufman 1984-1985, 74). Towards the latter half of the 1990s and early 2000s CIBC, RBC, and Scotiabank continued to make acquisitions in the Caribbean region. A large part of this would be due to Guyana and Jamaica—two states that notably nationalized more of their economies before the crisis of the 1980s. In 1995, "more than 36 state-owned banks were privatized with total assets amounting to more than US$8 billion, representing approximately three quarters of total commercial bank assets" in the region (Clarke & Danns 1997,) The countries with the highest number of banking privatization were Guyana and Jamaica (ECLAC 2001, 6). Illustrative is that RBC would open in several Caribbean locations, after having withdrawn from countries in the region during the mid-1980s—of which Jamaica and Guyana were early parts of (Garrod 2018, x). According to Alleyne and Waithe (2011), "one of the defining characteristics of the 1990s onwards [were the] mergers and acquisitions" which took place in the Caribbean (11). Whereas "from 1980 to 1989 there were only 83 mergers and acquisitions in the Caribbean…in the 1990's there was a marked increase in activity, with 515 takeovers" (Wood & Wood 2013, 38).

Illustrative is the experience of Trinidad and Tobago, where from 1985 to 2009, 52% of the takeovers in that country resulted in foreign companies acquiring Trinidadian firms, "with the first of these acquisitions occurring in 1990" (Wood & Wood 2013, 38). During this same time in Barbados, Canadian banks would come to control over 49% of the country's commercial bank assets (RBC 18.8%, Scotiabank 14%, and CIBC 16.5% respectively)—in large part due to an increase in credit demand, and their ability to provide (Clarke & Danns 1997, 154;160). What is interesting about Canadian renewed interest in the Caribbean region, is that the banks chose to remain there—even as they generally sought to expand into other countries experiencing their own periods of increased privatizations.[8]

In addition, Canadian banks also benefited from Canadian foreign aid— which was a second factor that contributed to their growing power in the region— that was utilized by Canadian banks for further investments in the region. Aid from Canada was highly conditional and based on the extent to which states followed structural adjustment programs. Not surprisingly, the intensification of Canadian aid programs to the region were praised by the IMF and others as proof of Canada's 'good-will,' versus rank neocolonialism towards its neighbors. As testament, Canada in 1990 forgave $182 million worth of debt for 11 Caribbean countries— 8 of which belonged to the English-speaking Caribbean region— after the unfairness of Canadian trade deals towards the region were scrutinized (Chaitoo 2013, 41). Canadian aid forgiveness toward states in the region, like Canadian aid, should also not be seen or interpreted as 'good will.' Canadian aid and forgiveness followed similar logics of staving off scrutiny by supplementing its business logics—which first and foremost focused on facilitating further investments and

[8] Létourneau & Heidrich 2001, 6-20: Scotiabank, RBC, and CIBC positioned themselves strongly in Caribbean markets; Scotiabank into Mexico and Latin America as well. Scotiabank, RBC, and BMO are trying to break into Asian markets, specifically in China. Scotiabank wants to also extend its operations into Malaysia, Thailand, and India as well, going beyond China. Both TD and BMO have been more focused on North American markets, the US in particular—with RBC, Scotiabank and CIBC also having US operations.

tourism in the region— with the giving of aid and debt forgiveness to meet those ends without protest.

The framework that Canadian aid and debt forgiveness was grounded upon, was laid out in the 1980s, when Canada's Secretary of State, Mark MacGuigan, noted in a speech to the Caribbean Community (CARICOM) that Canadian assistance to the region would be to "assist your states to cope with the rapid changes and economic difficulties which beset the region" via "emergency balance of payments assistance available to [Caribbean] states that had concluded remedial programmes with the IMF" (Basedeo 1992, 198). Thus, Canadian aid and loan assistance to states in the region was strictly dependent on states acceptance of IMF policy and meeting schedules for loan repayments. Further, Canadian aid to the region saw an "increase in the levels of technical assistance" to the region by Canada, and that assistance was "concentrated on economic and financial management in the public sectors [which included a budget for] the hiring of Canadian advisors to assist" in implementation (Basdeo 1992, 198-9). Canadian aid and debt forgiveness stressed the role of the private sector—specifically in relation to foreign interests within the private sector— as the solution to the Caribbean regions development. In the post-debt forgiveness period of 1990, Canadian Prime Minister Brian Mulroney announced the funding for a new office of cooperation between Canada and the Caribbean, as realized through the Canada-Caribbean Business Cooperation Office (CCBO). The office itself made it clear that "if the Canadian government is to continue to… assist the region, as it most certainly will do, it will be in the form of the private sector initiatives and not government hand-out" (Basedeo 1992, 213)

Essentially, the Canadian overseas business class— including Canadian banks— relied on their sheer size and market power to continue to influence markets in the Caribbean region without serious competition. They were backed in their dealing by the Canadian state— whose aid and debt forgiveness initiatives prioritized the private sector over the government in the region. Market liberalization, as preached by international financial institutions, aided Canadian financiers' concentration in the Caribbean— despite the liberal doctrine that liberalization would lead to increased competition (Worrell 1997, 66). Canadian banks already in the region had the advantage of not incurring start-up costs, thus avoiding competition with competitive newcomers (Worrell 1997, 66). Canadian bankers themselves were also uniquely positioned by the Canadian state and IFIs to act as advisors for 'stability' in the region, meaning that Canadian banks played a crucial role in mediating, determining, and benefiting from structural adjustment policies of the 1980s. Increases in private capital to the Caribbean region allowed Canadian financial institutions— uniquely situated in these states— to facilitate these transactions. Their advice changed economies in the region from the sole reliance on agricultural (and other resource) products to tourism and manufacturing, which ensured that Canadian banks would continue to service wealthy foreign clientele in the private sector, and those visiting from Western states.[9] These structured incentives allowed foreign owned private industrial sectors to be stronger in the region, relative to national ones.

Although IMF SAPs and Canadian advice provided incentives for all foreign banks and corporations seeking to operate in the Caribbean region, by the 1990s financial liberalization in

[9] Canadian corporations' own airlines, tour operators, and hotels in the region, and is second only to the U.S. in supplying visitors (tourists) to these states (Momsen 1992, 510)

the developing world more broadly led to an overall reduction in US and European interests in the Caribbean. The only exceptions for US and European interests were in offshore hubs located in the Bahamas and Barbados. Although US and European banks were unable to compete with the already established Canadian banks, they were content with simply avoiding taxes in their Caribbean offshore hubs, taking their investments to places in Asia and Eastern Europe instead (Worrell et al. 2001, 9-10; Ogawa, Park & Singh 2013).

Structural Adjustment as International Order: Canadian Banks, Financial Interests, and the Caribbean

Unlike the first wave of English-speaking Caribbean states that were granted independence by Britain, the potential for state nationalization projects did not exist for the second wave of states that would become independent. In other words, these state's independence process was pre-structured by structural adjustment policies, the neoliberal turn, and attracting tourists, foreign aid and investments. For example, on the eve of its independence, St. Lucia implemented a "tax holiday," a "tariff-free import of industrial inputs [and the] unlimited repatriation of capital and profits" for foreign industries —with the included 'benefit' to St. Lucia being "worker training programs" for 'development' (Klak 1998, 74). Structural adjustment was already normalized by the 1980s, given the power of a variety of self-interested actors, including the U.S., IFIs and Canadian investors, who would continue to advance and support— by any means necessary— structural adjustment policies in the Caribbean. Debt traps, coupled with incursions on Caribbean state's sovereignty would see the neoliberal and capitalist doctrine accepted by all the independent states in the English-speaking Caribbean region by the mid 1980s. When the Bahamas (1973), the four Windward islands of Grenada (1974), Dominica (1978), St. Lucia (1979) and St. Vincent and the Grenadines (1979), and Belize (1981) were granted independence — their development routes were severely limited. While the height of the U.S. ideological war with the Soviet Union factored heavily into the acceptance of structural adjustment policies in this period, Canadian banks market power also extended itself into these states even prior to their independence. As such, newly independent states remained highly tied, and dependent on, Canadian banks, as well as dependent on strategies aimed to attract additional aid and foreign investment. These strategies were in "tension [with] poverty alleviation [and] the promotion of sustainable development" (Haar & Bryan 1999, 207).

Simply stating that limited choices existed does not cover the depth of those limits, so I provide additional insight using the case study of Grenada below. The main takeaway from the invasion into Grenada is that states who did not accept the terms of the neoliberal doctrine were subject to military and political interventions, followed by the imposition of neoliberal economic policies. If those states happened to be in the Caribbean region, the U.S. and IFIs trusted Canadian financiers to advance the broader strategic and economic goals of structural adjustment, in line with the system. Adherence to the failed neoliberal doctrine for development in the Caribbean region, would be accepted by all states by the mid to late 1980s, given the international mishandling of Grenada. In the post-invasion period, other newly independent Caribbean states placed a lot more emphasis on state police forces to limit rebellions against reformist and revolutionary agendas. For instance, the Dominica Defense Force (DDF) was utilized multiple times in the aftermath of its independence to put down legitimate civilian protests and mass movements (Phillips 2002, 52). Canada has also been crucial to "training police and security forces in the Commonwealth Caribbean" (Momsen 1992, 506).

When Antigua and Belize gained independence (1981), it was thought that the Black Power Movements in Antigua would pose a challenge to the system. However, state policies checked the effectiveness of these movements through both political repression and economic liberalization. St. Kitts and Nevis, Belize, and Antigua would all pursue a neoliberal strategy of "industrialization by inducement" promising foreign businesses and investments "lucrative tax holidays, and to indiscriminately lease and purchase land" (Simmonds 1987, 285). Canadian experts advised these governments about how to attract their businesses to their states. The independence parties in St. Vincent and the Grenadines did not even lay out a path for independence, instead choosing to forge closer ties "with the relatively centrist [and already independent] governments of Trinidad and Tobago and of Barbados [,]" (Niddrie & Tolson 2019). Meanwhile, in the Bahamas, the constitution stressed its commitment to neoliberal development noting that it would not change its financial sector given the "confidence displayed by the banking community in the government's reaffirmation of the principles of democracy and its pledge for continued political stability" (Francis 1985, 94). This is important because in the aftermath of the invasion of Grenada, state elites in the English-speaking Caribbean made it clear that revolutionary fervor would be contained as they simultaneously pledged allegiance to the system, to maintain state sovereignty from unwanted physical interventions.

The Case of Grenada: Going Against Structural Adjustment as International Order

Given the severely limited development options for English-speaking Caribbean states that became independent during this second wave, Grenada tried to undergo a revolutionary path to circumvent powerful foreign interests, which were regarded as inimical to the interests of the Grenadian public. However, while initially successful, the outcome of the Grenadian revolution would reveal that powerful foreign interests were not above supporting ultra-asymmetrical military invasions to re-insert a Caribbean country within the preferred international financial architecture, to the benefit of foreign investors. This revelation would make future revolutionary attempts unlikely, given the immense punishment enacted against Grenada after its attempt. In 1979 the Grenadian public supported the New Jewel Movement (NJM)[10] led by Maurice Bishop in overthrowing its then incumbent ruling party, the Grenada United Labour Party (GULP), that was backed by local elite and external foreign interests. NJM made the explicit case that the present international order locked Caribbean states into unequal capitalist relations to the detriment of Caribbean people. In addition to this understanding, it identified Canadian financial institutions as having an outsized role in the financial affairs of Grenada— even before its independence.

Prior to the coup, the incumbent (and illegitimate[11]) GULP ruling party, facilitated bilateral agreements with Canada granting Canadian banks an outsized role in Grenadian commercial industries. Although really small, by 1976 Grenada would have 6 commercial banks—all

[10] NJM in Grenada was a product of the Black Power Movement in Grenada during the late 1960s to early 1970s. This is why Black Power movements in newly independent Caribbean states (like Antigua and Dominica) were targeted as having the potential to become communist/Marxist/socialist in orientation

[11] Illegitimate in the sense that elections were understood to be rigged against opposition parties

foreign—of which RBC, CIBC, and Scotiabank had the biggest hand (Paxton 2016, 552). As was seen elsewhere in the region, “the requirement of the four foreign-owned commercial banks—Barclays Bank International, Royal Bank of Canada, Bank of Nova Scotia, Canadian Imperial Bank of Commerce—” meant that most people living in Grenada could not access the Canadian banking facilities (Ambursley 1985, 32). Prior to the Grenadian Revolution, government economic planning in the aftermath of independence “was limited to the preparation of lists of investment projects which were virtually ‘shopping lists for aid’” (Kirton 1989, 3). Within Grenada, local and foreign capital functioned in a laissez-faire way— like the Bahamas—whereby “there were no controls on their operations and no regulation of foreign trade, prices or any other important economic variables” (Kirton 1989, 3). As mentioned before, this was due to the overwhelming influence of Canadian financial institutions and IFIs who structured Caribbean economies to act and respond in this way.

In 1979, the NJM staged a successful coup d’état against the GULP government, given majority support, and formed the People’s Revolutionary Government (PRG) of Grenada. The PRG’s mission, as broadcast over radio, was outlined clearly with the description of the situation facing Grenada:

> "We are a small country, we are a poor country, with a population of African slave descendants, we are part of the exploited Third World and, definitively, our challenge is to seek the creation of a new international order that puts the economy at the service of the people and social justice." -Maurice Bishop (Radio Free Grenada. April 13, 1979)

Unlike other governments which geared policies towards the illusion of social progress and allowing the economic sectors to remain largely operational and friendly towards foreign capital, the PRG set out to implement specific economic policies that would use state funds in a productive manner. Part of this recognition included the outsized Canadian banking interests in Grenada, and in the Caribbean region. The PRG’s concern was warranted, given the uncompetitive environment that has been established for the benefit of Canadian banks, which made it so that “by 1983, there were approximately 330 branches of Canadian banks, their subsidiaries, and affiliates in the [English-speaking] Caribbean” (Kaufman 1985, 72). The focus on finance by the PRG government did frighten Canadian bankers. Shortly after the revolution, the Canadian Imperial Bank of Commerce “announced its intentions to cease operations on the island for financial reasons” (Ambursley 1995, 207). CIBC may have been worried about the potential for their employees to unionize under PRG governance. A few months before the revolution in 1979, CIBC “strenuously opposed previous attempts by some of their staff to become unionized,” like the majority of foreign owned banks at the time, and “workers from the [CIBC]” had approached revolutionary leaders about this (Coard 2017, 40).

Nonetheless, the PRG used CIBC leaving Grenada as an opportunity to “acquire ownerships of [CIBC] bank facilities” and to establish the first state bank (Ambursley 1995, 207). Unionization of bank workers in the foreign banks were also a top priority and the recognition of the CIBC union under PRG leadership “had an electrifying effect among workers at all four foreign-owned banks in Grenada. Management of the un-unionized banks immediately offered substantial salary and fringe benefit increases” (Coard 2017, 41). A year after the revolution, the Royal Bank made announcements that “it would cease its operations in Grenada” as part of a broader trend with the

Royal at this time to “rationalize its activities in the Caribbean” given the debt crisis (Ambursley 1995, 210). The “PRG bought the head office of the Royal Bank of Canada” which they noted as a “concern,” and established a second state bank in Grenada (Ambursley 1985, 210).

The PRG utilized the rules of the system to its advantage in consolidating its ownership of financial institutions. With the already established framework of mergers and acquisitions during the 1980s, the PRG came to buy off, or become majority shareholders in, the head offices of RBC and CIBC. In addition to buying off Canadian banks intent on leaving the country, the PRG also developed its own state banks not affiliated with its Canadian purchases. These state banks were to be government controlled and not beholden to a shareholder framework, so that foreign shareholders would not come to control the banks in the future. According to Bernard Coard, the former deputy Prime Minister of the PRG, if they incorporated purchased Canadian banks with the state banks “[Canadians] would have had fifty percent of all deposits in Grenada” (Grenade 2010, 148). Thus, it was reckoned that to truly localize investments in needed industries and sectors, the PRG would need financial autonomy. Additionally, the PRG also insisted on collaborating with the private sector for mutual benefits to be bestowed upon Grenada. This was not only to circumvent pushback from IFIs and Western governments, but also to have more robust (innovative) growth strategies in Grenada.

The PRG believed that robust ‘competition’ was necessary for overall development in the country, which is why they did not pursue outright nationalization of all private industries. They were also concerned that nationalization would not bode well, given the broader economic crisis in the Caribbean region during the early 1980s. At this time, capital flight from some states in the region were worrying, and the impacts to Grenada, considering its revolution which questioned the strength of foreign capital, would undoubtedly be perceived negatively. For instance, when the PRG came to power, it was the case that “British and Canadian capital dominated banking and the import/export trade on the island” (Clark & Danns 1997, 25). The overwhelming power of foreign entities and their potential capital flight were hard for the revolutionary government to ignore. Thus, purchasing the head offices of Canadian banks looking to divest from Grenada within the shareholder framework, versus nationalizing them, was less confrontational for the PRG.

The PRG purchases of Canadian banks was viewed as transactional, and maybe even profit-saving from the view of the Canadian banks who sold to the state to exit the country. The PRG’s estimations were correct, as the purchasing of CIBC and the Royal showed a willingness of the Grenadian Revolutionary Government to ‘cooperate’ with the international system. Given the PRG’s strategy of gradual public ownership in conjunction with strong private partnerships within Grenada, the PRG believed state institutions would grow to be competitive, and Grenada would be able to stick to its revolutionary path unscathed. The PRG recognized that it needed to transition away from traditional merchant forms of capital and trading that mostly benefited foreign capitalists in Britain and Canada. When the PRG came to power, the economic structure in Grenada was one that lent itself to a high import content of goods from Western states, that could be sourced locally, and uneven trade deals, that provided market access in Grenada to foreign corporations without extending the same access to Grenada in those corporation’s home states.

The PRG examined the problems facing the bigger (and more resource rich) independent English-speaking Caribbean countries (like Jamaica, Guyana, Trinidad & Tobago) which furthered its commitment to weaken the strength of dependent foreign economic relationships. The revolutionary government had to manage the problems of foreign ownership in a way that would also not directly attack foreign capital too quickly within their country. Thus, the PRG framed government investments within the Grenadian economy using the language of 'competition' and remaining competitive with private industry (Ambursley 1995; Grenade 2010; Coard 2017). When the state banks in Grenada were established, they did so with the intent to compete with foreign banks in Grenada that had previously dominated lending and investment decisions. To make banking in Grenada competitive, it was reasoned that the monopoly Canadian banks had within the Grenadian finance needed to be weakened. This, it was said, was to increase bank competition in Grenada to make these services better for everyone in the country.

It was through walking this fine line of managing foreign imperial relations and its revolutionary mandate of development based on justice for the Grenadian people that made the PRG's policies successful. The PRG honored the financial loan obligations that Grenada had, which they had inherited from the government prior to the revolution. While the PRG did not have many Western allies, under their government the Grenadian economy did grow. This was because the PRG utilized the aid and loans it had received strategically to boost public employment opportunities. The PRG's commitment to walking the thin line between global financial capitalists and its own development proved successful. IFIs found the PRG government 'easier' to work with, given their competency over the pre-revolutionary government (Felix 1998). As such, the IMF, and World Bank "disregarded the PRG's socialist orientation" and approved them for loans for infrastructure projects— however, these loans would be withdrawn given disapproval from the Reagan administration in the U.S. (Bartilow 1997, quoted in Felix 1998, 151).

Nonetheless, the PRG government was still able to utilize foreign investments that were already coming into Grenada in a way that would support local industries and new businesses. The PRG provided structured incentives for foreign investments in specific sectors of the economy to address the needs of Grenadians.[12] It provided incentives to investments that met "at least one of four specific objectives: (i) the creation of employment; (ii) the expansion of production; (iii) the preservation of the quality of the environment; [and] (iv) the generation of and/or the conservation of foreign exchange earnings" (Ambursley 1995, 203-204). The main goal under the PRG was for foreign funds and investments to be invested back into the local economy, with "training of Grenadian nationals" a top priority (Ambursley 1995). It was reckoned that overtime these structured incentives would help to develop a local economy within Grenada that was not only competitive, and environmentally friendly, but also less reliant on foreign investment. Given Grenada's good standing under the PRG, Canada obliged to fund local private sector

[12] Prior to the revolution, Grenadian unemployment stood a bit over 50% and more than 1/3rd of the employed were dependent on farming and farm labor. In spite of this, food consumption was based on imported food as the main agricultural products were exported to Britain, Canada, and the USA. Given the aforementioned, the livelihood of the majority of Grenadians was largely dependent on global price fluctuations. Additionally, of revenue accrued from farming, the land was owned by foreign businesses and Grenadian capitalists who "controlled the bulk of the processing and marketing firms" (Clarke & Danns 1987, 23-24).

initiatives in Grenada, including the provision of “economic assistance to Grenadian businessmen” (Ambursley 1985, 204 & 214).

The fine line walked by the PRG kept the Grenadian-Canadian relationship intact, even as the PRG “reserved the right to preclude private sector ownership and control” (Ambursley 1995, 204). Essentially, the PRG played on Canada’s commitment to providing aid to Caribbean states that had concluded remedial IFI programs (or made substantial payments on debts), and ones in which Canada had substantial interests in. Thus, it would be a mistake to think that the relationship between Canada and the PRG was one of ‘goodwill.’ One indicator of this being that the PRG restricted, and in some instances prohibited, the establishment of new businesses in sectors that Canadian companies utilized the region for (most profitably). That is: “banking, insurance, importing and wholesaleing, fishing (except artisanal fishing) and internal transportation” (Ambursley 1995, 204). Otherwise, the traditional merchant forms of capital and trading alluded to earlier. While Canadian businesses remained skeptical of the PRG, the ones who remained in Grenada did so given that the PRG walked the fine line between foreign business and the state. For example, “the revolutionary government guaranteed the ownership rights of capitalists so long as they did not sabotage the economy or participate in illegal acts” (Clark 1987, 26). The PRG also made it clear that the growth of “Grenada’s productive forces” would take years to accomplish, especially in state sector industries like “banking, and trade” (Clark 1987, 26-27). In other words, it was very clear that outright nationalization of whole sectors would not take place under the PRG. However, more immediate was the “adoption and enforcement of labor laws guaranteeing union rights and regulating the wages and job conditions of rural and urban workers” (Clark 1987, 26-27).

Scotiabank, who throughout this entire period did not cease any of its Caribbean operations, remained in Grenada despite “the unease felt by the business community over the economic policies of the PRG” (Ambursley 1995, 217). Plans to weaken bigger private monopolies overtime— via public ownership and competition— did not sit well with foreign industries and banks. Prior to the revolution, Canadian banks in Grenada heavily opposed worker unionization, and because Scotiabank remained in Grenada, its employees were now unionized after the revolution. According to a manager at the Bank of Nova Scotia during the revolutionary government’s tenure, “Scotia had no plans to close, since, on account of the bank’s professionalism and international contacts, it could compete successfully” with the now Grenadian run state banks (Ambursley 1995, 217). The manager also noted that part of Scotia’s recipe for success was that it had been doing business in Grenada, and in the region, for a such a long time that “most of the large companies prefer to stay with the private banks,” especially due to their “mistrust of the PRG” (Ambursley 1995, 217- 218). Essentially, Scotiabank reckoned that it would remain a competitive bank in Grenada given that they were the preferred institution for bigger private, and foreign, companies. It also helped that Canadian aid to Grenada remained intact and Scotiabank did not feel immediately threatened by state competition.

Less pleased with the PRG’s policies were the land-owning class in Grenada. Although overall the economic success of the PRG is notable, the post-revolution environment did witness an overall decline in foreign investment to Grenada during PRGs tenure. This even though aid to the state sector, from countries like Canada (other socialist and/or communist countries, NGOs, and oil-exporting countries), did result in an overall growth in the island’s economy. The PRG’s growth schemes were largely “at the expense of the comprador bourgeoisie” class, and even though this class had also seen an “increase [in their] profit margin[s],” it was not nearly “as well as was anticipated” due to the overall decrease of foreign investments (Ambursley 1995, 222-223). Additionally, land reform and labor rights that were immediately championed by the PRG was also unpopular amongst this class— the majority of whom were local landlords and local capitalists tapped into Grenada’s tourism industry (Clark 1987; Ambursley 1995). This local comprador class, along with the foreign business community in Grenada, supported political counterrevolution by way of conservative regional governments and US intervention.

The PRG’s project, while successful in drastically improving the social situation in Grenada and reviving what was, prior to the revolution, a stagnant Grenadian economy—even getting praises from the World Bank[13]—would come to an end during the latter half of 1983 with the assassination of PRG leaders. The US invasion of Grenada would be supported by the classes within the private sector of Grenada tied to foreign interests, and other Western countries. Internally, these classes alone could not sustain or justify U.S. invasion. The invasion was unpopular within Grenada, which meant that the U.S. and its allies had to explicitly promote (through flires, mailers, radio, and children’s books) a series of anti-communist and anti-revolution propaganda (Bloomfield 2020)— even going so far as to note that the beloved Prime Minister, Maurice Bishop, was himself a victim of communist forces acting in Grenada.[14] Externally, Western countries like Canada whose Prime Minister, Pierre Trudeau, publicly challenged the legitimacy of the U.S. invasion into Grenada, tacitly supported the move. This was most clearly demonstrated when Trudeau abstained from voting with other countries at the U.N. General Assembly calling for the immediate withdrawal of U.S. troops from Grenada (Posner 1983, 2). The next Canadian administration of Prime Minister Brian Mulroney in 1984, was much more vocal about giving the U.S. the benefit of the doubt for the invasion of Grenada (Noble 2003; Nossal, Roussel & Paquin 2015, 190).

The above follows a trend in Canadian politics, whereby Canada expresses an outward commitment to state sovereignty and human rights, but its official policy is to secure its economic advantages. In Grenada, by 1983 “approximately 45 percent of the banking industry was under state control,” and Scotiabank and Barclays, the “two foreign-owned banks continued to function freely” (Boodhoo 1985, 16). However, after the U.S. invasion “Canada substantially increased its aid” to Grenada with a focus on liberalizing, through increased privatizations, of the damaged post-invasion economy (Brown, Heyer & Black, 160). And foreign bankers applauded the increased deposits flowing into the banks “at a monthly rate that is the equivalent of what annual deposits were in the last three years of the revolutionary governments” (Treater 1985). It should be noted that in the aftermath of the invasion, Grenada became a hub for money-laundering, specifically in drugs (Chomsky 1992); although I can find no statements from the Bank of Nova Scotia or its representatives regarding the post-invasion environment, which is only odd seeing as they were the only Canadian bank operating in the country at the time. Scotiabank was being investigated by U.S. authorities after the invasion, for accepting drug

[13] The World Bank reported that while the PRG had “inherited a deteriorating economy,” in three years they have made “Grenada… one of the few countries in the Western Hemisphere that continued to experience per capita growth during 1981” (Boodhoo 1985, 20). Overall the economy grew by 2.1% in 1979, 3% in 1980 and in 1981, and 5.5% in 1982 (World Bank quoted in Boodhoo 1985:20)

[14] This strategy only worked, given that Bishop’s assassination happened due to internal PRG infighting.

money and money laundering (Effros 1992). Scotiabank refused to comply with the U.S. and Canada, with bank officials believing that its bank was being unjustly targeted.

Just as British imperialism linked Canada financially to the Caribbean region, U.S. hegemony provided Canada with justification for, and legitimacy in, carrying out ‘strategic’ goals in the region to the benefit of Canadian investors and corporations. In the aftermath of the Cuban revolution in the 1950s, Canadian financiers were worried about potential spillover effects in the region— given the number of losses their financial institutions incurred from that revolution. While the U.S. focused on preventing ideologically opposed revolutions in its ‘backyard,’ Canada opposed reforms— in what it deemed its ‘sphere of interest,’ which would pose challenges to its corporations operating in the hemisphere. As such, even prior to the Grenadian revolution, “Canada’s policy in the Caribbean [was] closely linked with that of the United States,” and the U.S. relied on Canada to “extend its influence into the former British West Indian colonies in the Caribbean” via defense and development (Momsen 1992, 506). However, the relationship was fraught with tension, as US geo-strategic and military aspirations, did not always align with Canada’s purely economic ones (e.g., continuation of Canadian aid to states like Grenada after the revolution and the U.S. trying to isolate what it saw as Grenadian communism). Nonetheless, prior to the invasion of Grenada, Canadians “received permission [from the U.S.] to get their own people out the day before” (The New York Times 1983), but Canada was snubbed by the US during the invasion and the US embassy in Canada “cautioned Prime Minister [Trudeau] against meddling” (Fishcher 1994, 626; also see footnote).[15]

While the PRG sought to change the world system and carve out a new path for the independent English-speaking Caribbean region’s integration into that system, ultimately, it would be (1) isolated from accessing finance from international institutions (the government would turn to economic aid from friendly and other developing country sources), (2) the PRG’s leader would be assassinated along with other cabinet members and trade unionist, and (3) Grenada would be invaded by the U.S. military (under Reagan) in 1983— backed by reformist-centrist governments in the independent English-speaking Caribbean region. There were overwhelming interests which felt threatened by a successful Grenada which flipped neoliberal development orthodoxy on its head. Testament to this is the fact that the U.S. utilized an air campaign and sent a total of 7,600 combined troops, against an unsuspecting army of 1,200 people. Unsurprisingly, reinserting a Caribbean state into a financial system that privileges foreign investors would help Canadian financiers— even as the Canadian government vocally expressed frustrations about the invasion. Given Canadian competitiveness in the region, and an overall alignment with U.S. foreign policy from Canada, the post-invasion environment in Grenada “generated Canadian financial and technical assistance to [Grenada] and witnessed a greater interest by Canada in the affairs of the smaller leeward and Windward islands” (Basedeo 1992, 197).

Renewed Investment Consolidation by Canadian Banks in the Caribbean: Characteristics of New Investments and Neoliberal Development Strategies

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[15] It seems that Reagan might have told Trudeau about the intentions to invade much sooner, had they not thought Trudeau was a socialist. In either event, Reagan believed that Trudeau would have been opposed to the Grenadian invasion, given that just two days prior Trudeau proposed a plan for East-West reconciliation, given the number of proxy wars during the ‘Cold’ war. American officials also did not allow Canadian press to Grenada and twice refused Canadian airlifts to extract Canadian nationals Fischer 1994, 626).

By 1983, the Royal Bank ranked 4th in North America for largest bank, with the CIBC ranking 7th and Scotiabank ranking 10th (The Banker 1984, reprinted in Kaufman 1985). The greatest advantage that Canadian banks had was their history and concentration within Canada which associated these institutions with financial stability. That Canadian banks were seen as more stable, meaning that foreign banks entering the Canadian market during the 1980s,1990s, and 2000s were restricted in their control and expansion within the Canadian banking financial industry.[16] In 1980, "no more than 25 percent of the assets of a major [Canadian] bank could be owned abroad, and total domestic assets held by subsidiaries of foreign banks were capped" to 8% of the market (Malminen 1997, 80; Darroch 1994, 279). This understanding afforded Canadian chartered banks greater room to diversify, and expand the types of services and products that they offered both at home and abroad— as foreign banks within Canada were limited to a small segment of commercial lending (Darroch 1994, 279). Effectively what was established within Canada via the Bank Act, was a formal a two-tiered system of banking (schedule A = Canadian, schedule B= foreign).

This system provided Canadian chartered banks the ability to expand, concentrate, and consolidate into a wider array of financial services. As early as 1981, Canadian banks started looking for loopholes in the Bank Act which could help them convert "large amounts of debt into corporate equity," so that they could have "substantial holdings in companies with billions of dollars of assets" for 'competition' sake (Kafman 1985, 62). The ability of Canadian chartered banks to expand into a wider array of financial services was enabled by the terms of the 1980s Bank Act. Prior to the 1980s, the boundaries between banks and other financial institutions within Canada were becoming blurred so that Canadian chartered banks would be the most effective financial competitors within Canada in relation to other Canadian financial institutions. Although after 1980 Canadian banks faced a more competitive environment due to these laws, they also had the ability to expand their profit-making activities by consolidating increased ownership over a wider range of financial services. By 1992, Canadian banks could offer "non-banking financial services such as trust or insurance […] establish "networking" arrangements with other financial service providers […] hold, manage, and develop land through their real property corporations and to own real estate brokerage firms" (Darroch 1994, 280) as their competitors did elsewhere, even if they were restricted from doing so within Canada. The aim of these specific actions was to increase Canadian banks capacity for growth within their own domestic market, while remaining competitive given the changed international financial structure that provided opportunities for growth in international business.

Domestic Market Share of Canadian and Foreign Financial Institutions 2000

	(%)
Canadian Bank's Revenue	94
Foreign Bank's Revenue	6
Total Revenue	100
Canadian life and health insurers' premium income	71

[16] New chartered status for all other banks that did not already exist in Canada would have been hard to come by, as chartered status could have only been gotten by an act of the Canadian parliament. Some of the restrictions were eased with the NAFTA agreement; however, deep benefits already had by the major Canadian banks within Canada, would continue to make competition against them harder.

Foreign life and health insurers’ premium income	29
Total Premium Income	100
Canadian P&C insurers’ premium income	34
Foreign P&C insurers’ premium income	66
Total Premium Income	100

Sources: Conference Board of Canada, Canadian Life and Health Insurance Association, Insurance Bureau of Canada: Reprinted by Canadian Department of Finance 2002

Note: The Canadian government has always protected its banks from foreign competition. This has included weakening other financial sectors within its own economy, by allowing banks to take customers away from those sectors and allowing banks to participate in the same services that the other financial sectors do. Therefore, Canadian bank revenue has remained Canadian (protected from undue foreign influence) and also high.

Canadian domestic policies helped the investment strategies of big Canadian multinational banks abroad, which made them largely profitable, but also better positioned to weather financial crisis during the 1980s that their international competitors could not. The developing world crisis was a “painful but salutary demonstration of the stability of Canadian banking” (McDowall 1993, 417). This stability lent credence to Canadian financial structures and Canadian businessmen’s ability for getting the indebted Caribbean region back onto its feet. Thus, throughout the second half of the 1980s and into the 1990s, Canadian banks focused on helping to privatize the economies of English-speaking Caribbean states and increasing their investments throughout the region.

Additionally, the expanded sphere of financial activities for the banks in Canada also led to a growth and expansion of new financial products in the Caribbean region— most notably in digital banking and new linkages between insurance schemes and banks. Furthermore, the economic relationship between Canada and the English-speaking Caribbean remained concentrated in private sector growth and in the development of private sector capital. By 1989, Canadian private investment to the region “was approaching half a billion dollars in value and was concentrated in the utilities, communications, and financial sectors” (Mulroney quoted in Momsen 1992: 510) in countries like the Bahamas, Jamaica, Trinidad and Tobago, and Antigua, given “favourable regulatory regime[s]” (Higgins quoted in Momsen 1992: 510). Meanwhile, Canada’s development assistance to the region during that same year was over $110 million, making the Caribbean the “highest per capita” recipient of “Canadian bilateral aid,” accounting for over “half of the total for the Americas” (Momsen 1992, 510).

As such, investment, aid, tourism, and ‘technical assistance’ underlined the relationship between Canada, Canadian financiers, and the English-speaking Caribbean from the 1990s onward. The expanded scope of Canadian banking activity in Canada also led to greater involvement by Canadian banks in helping to facilitate and broker new trade and investment deals in the Caribbean. Thus, even though natural resource trading and its associated investments declined in the late 1980s and 1990s, there were agreements and various business bodies created between Canada and Caribbean countries. One such agreement was CARIBCAN, which purported to increase Caribbean access to a Canadian market (Haar & Bryan 1999, 4-5). However, CARIBCAN and other agreements like it have often “excluded certain items for which the [Caribbean] region is considered to have a comparative advantage” in, and the more successful agreements are ones that focused on “maintain[ing] a level of communication between Canada and the region” (Haar & Bryan 1999, 5). Unsurprisingly, these types of communication agreements— like the Joint Trade and Economic Committee (JTEC) and the Canada-Caribbean Business Cooperation Office (CCBO)— have helped “to improve investment flows between Canada and the region” – indicating the amount of influence that Canada has in the region determining which sectors are worth investing in (Haar & Bryan 1999, 5). These deals were extremely beneficial to Canadian banks and businesses in the Caribbean.

During the 1990s and 2000s, the Caribbean banking sector remained dominated by Canadian banks and their subsidiaries which continued to expand and merge throughout the region. It was predicted that the three big Canadian banks in the Caribbean would “continue their long-standing, stable, profit-earning operations. Although, some less-productive branches [would] be phased out,” but even then, “the large network [would] be maintained and in a few cases[,] extended” (Kaufman 1984-1985, 74). An example of this was that by 1992 Scotiabank operated in 24 Caribbean markets with 172 locations. CIBC, though less ambitious than Scotiabank, also expanded taking advantage of new opportunities for merging and acquisitioning. Globally, Canadian banks were recognized as significant international players accruing 27% of their total net income abroad in the 1990s and increasing that amount to 45% by 2000 (Canadian Department of Finance 2002). While increased interests in Latin America and Asia on behalf of Canadian banks received a lot of attention in the literature, the Caribbean region also accounted for a large portion of Canadian bank mergers.

In the English-speaking Caribbean, Canadian banks’ lending and expansion, through incremental takeovers and mergers[17], grew, even as regional trends included: (1) a decreased market share, of about 1-3% in different Caribbean states, overall, for foreign banks, and (2) an increase in market share for ‘indigenous (or local) banks’ in the region (Juan-Ramón et.al. 2001). Whereas “from 1980 to 1989 there were only 83 mergers and acquisitions in the Caribbean…in the 1990’s there was a marked increase in activity, with 515 takeovers” (Wood & Wood 2013, 38). Illustrative is the experience of Trinidad and Tobago, where from 1985 to 2009, 52% of the takeovers in that country resulted in foreign companies acquiring Trinidadian firms, “with the first of these acquisitions occurring in 1990” (Wood & Wood 2013, 38). During this same period in Barbados, Canadian banks would come to control over 49% of the country’s commercial bank assets (RBC 18.8%, Scotiabank 14%, and CIBC 16.5% respectively)—in large part due to an increase in credit demand, and their ability to provide (Clarke & Danns 1997, 154;160). What is interesting about Canadian renewed interest in the Caribbean region, is that the banks chose to remain there—even as they generally sought to expand into other countries experiencing their own periods of increased privatizations.[18] To echo a sentiment expressed by Baum in 1974: “the Commonwealth Caribbean is not the most important segment of [Canadian] bank’s business. [However,] it is an area where they do business and happen to be dominant” (Baum 1974, 77). This could perhaps explain their longevity in the region.

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[17] Deregulation has a substantial impact on merger decisions

[18] Létourneau & Heidrich 2001, 6-20: Scotiabank, RBC, and CIBC positioned themselves strongly in Caribbean markets; Scotiabank into Mexico and Latin America as well. Scotiabank, RBC, and BMO are trying to break into Asian markets, specifically in China. Scotiabank wants to also extend its operations into Malaysia, Thailand, and India as well, going beyond China. Both TD and BMO have been more focused on North American markets, the US in particular—with RBC, Scotiabank and CIBC also having US operations.

Another explanation offered by Létourneau and Heidrich (2001) for continued expansion by Canadian banks in the region is because the market in Canada was already saturated, and large-scale expansion, through merging was viewed negatively within Canada. For instance, in 1998 the Bank of Montreal (BOM) proposed a merger with the Royal Bank and CIBC proposed a merger with TD. If allowed, Canada would have had only three big banks. However, both proposals were rejected on the grounds that losses that would come due to branch closures would far outweigh the costs (Critchley 2018). Since then and into the 2000s, both RBC and CIBC have sought to expand "their footprint by acquiring and consolidating assets respectively" in the Caribbean region (Létourneau & Heidrich 2010, 15). Thus, in 2001 "First Caribbean" was created when CIBC merged with Barclays Bank, each receiving abut 47% of shares (Létourneau & Heidrich 2010, 6). Limited prospects for expansion domestically within Canada was often allowed to be actualized abroad in the Caribbean, where Canadian banks' power was stronger and more concentrated. These Canadian banks were afforded a degree of security, given these countries dependence on foreign/international capital and aid, as well as lax regulatory environment that the banks had helped to devise. This worked too, because there was "a sharp expansion of Canadian financial capital in the Western Hemisphere, growing from 15 percent of Canadian FDI in the early 1980s to close to half in the 2000s" of which the Caribbean region was the largest benefactor (Gordon & Weber 2016, 16).

For Canadian banks reasserting their dominance in the English-speaking Caribbean region during the 2000s, what changed was the rise of local competition— especially from Trinidad and Tobago, which became a financial sector hub within the region. Trinidadian banks' acquisitions in multiple territories allowed them to compete with larger foreign owned banks, via the provision of services to regular Caribbean people. The most popular and identifiable of the regional banks during the 2000s, Republic Bank and RBTT Financial Holdings, were both based in Trinidad and Tobago, operating in multiple Caribbean states via the purchasing of smaller local banks within states. The bigger multinational and foreign-owned banks responded to the increased popularity and competition presented by regional banks via merging. Hence, the most popular merger of the early 2000s happened between UK based Barclays Bank and the CIBC—both of which merged to create 'First Caribbean International Bank' (FCIB) in 2002. FCIB placed its headquarters in Barbados, and quickly became the largest financial institution in the Caribbean. The merger left about 10% of remaining shares open for institutional and individual investors in the region (ECLAC 2001). The merger and split shares allowed FCIB to remain competitive as both an international and regional bank, offering services to locals.

By 2000, the financial sector in the independent English-speaking Caribbean region accounted for 24% of total regional GDP (Ogawa, Park, Singh, & Thacker 2013). Growth in the financial sector was largely due to the dominance of foreign-owned banks and banking in general, which comprised 91% of financial sector growth (Ogawa, Park, Singh, & Thacker 2013). It should be noted that this estimation excludes offshore banks, because U.S. and European corporations dominate in independent English-speaking Caribbean in that sector. U.S. and European banking domination are concentrated in the Bahamas and Barbados due to offshore banking. If offshore banking were to be included in these figures, it would overemphasize Barbados and the Bahamas, as well as US and European financial interests' asset wise, over that of Canadian banks. This is not to say that Canada is not involved in offshore banking. Deneault (2015) documented in detail how Canadian financiers played a decisive role in turning the English-speaking Caribbean region into tax and offshore havens. However, the inclusion of offshore banking would overemphasize the world's most capitalized banks in the world today, which are U.S. based.

Given the financial overlay, one sees those Canadian banks account for 60% of all banking system assets in the region today, which is 6% higher than they were in 2000— when Canadian banks collectively controlled 54.58% of the regions total banking sector. Although different sources provide different estimates— given that they're not all counting the same way— Canadian banks control between 6% - 35% less of the Caribbean financial sector today, than they did during the 1960-1983-time period. While 35% may seem like a lot on the high-end, part of the explanation includes the merger between CIBC and Barclays, which places it a bit below that of a majority shareholder (thus purple Canadian owner).

Conclusion

The role of Canadian finance in the Caribbean region and the role of the Canadian government for maintaining the interest of Canadian financers and investors in the Caribbean region is hardly discussed. Canadian banking investments in the region during the 1980s and 1990s match a longer documented history of Canadian banking investments in the English-speaking Caribbean, where broader state and global events have always challenged their power in their region or impacted Canadian investments there. As such, the resistance of the late 1970s in the region to Canadian power and finance would see immense pushback in the1980s as more states in the region gained independence, given the efforts of the U.S. and IFIs— often in direct consultation with Canadian banks— to re-assert Western foreign interests in the Caribbean through the creation of a new financial architecture. More aptly put, Canadian banks were tied into the politics of structural adjustment on states in the region, having been identified as already having high interests in the region given their history with states there.

This change in the financial architecture, helped to further expand Canadian banking investments in the region as Canadian banks used their economic and political power there to navigate Caribbean states integration into the system. Entering the 2000s, Canadian banking strength and dominance in the region is borne from this context of global (neoliberal) restructuring and the developing country crisis which preceded it. Canadian banks were able to use the dynamics of the debt crisis to continue expanding throughout the Caribbean during the beginning half of the 1980s. Crucial to these banks' success was the increasing power of finance and the compatibility of corporate profit motives with IFI structural adjustment packages— which reinforced financial power and privatization over development. This article places much emphasis on Canadian agency, versus Canada as a lapdog of imperialism, in the continued facilitation of Canadian expansion in the English-speaking Caribbean.

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