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THE CARIBBEAN AND THE DECADE OF THE 80'S: SECTORAL APPROACH



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F O R E W O R D

The decades of the 60's and 70's were for the Caribbean countries periods of very significant change - economically, and socially, and politically. While in some countries the economic growth target of the first and second United Nations Development Decades were met, it was very evident that growth as measured by the conventional global economic indicators was not accompanied by a process of integrated development. In most cases growth was achieved by expansion of the external sector. In fact, the results have been a worsening of the mal-distribution of incomes in most of the countries, and an increase in the level of external economic dependence.

The emergence of formerly colonial countries to constitutional independence, the increased social pressures generated by mainly young populations, and the political changes that have occurred throughout the Caribbean, sets a new and different framework for the decade of the 80's. For the Caribbean countries the decade will be a period where they must search for a measure of greater self-reliance if their economies are to be self-sustaining. They are already faced with the necessity to make conscious decisions about growth per se and development, if they are to advance towards solution of the critical social problems of incomes mal-distribution and high levels of unemployment.

The papers presented here reflect evaluations in sectors for which the staff members of the ECLA Office for the Caribbean have continuing responsibility. They reflect the underlying dynamics of the situation and the extent to which only limited judgements about the future can be made on the basis of events in the previous decades. They reflect too the changes that have occurred in the Caribbean and the new pressures to which the Caribbean is now exposed. Perhaps most important they reflect the very deep significance of awakening social consciousness alongside the limited scope that Caribbean countries have for determining their own destinies. More precisely,

they focus on the needs for planning, improvement of the data base, the crucial role of sea transport in the Caribbean archipelago; make some suggestions for strategy orientations in agriculture and trade; pose the range of social issues that are already evident; and provide an overview of the inter-related political, social and economic considerations.

Acceleration of the development process, industrialization and the creation of sectoral linkages, are conditioned not only by the extent of effective control over the use of their own resources, but also by the international economic situation to which they are highly exposed and which they cannot significantly influence. Even the integration and co-operation measures that they have striven to forge during the Second Development Decade can be successful only to the extent that external dependency can be modified.

S. St. A. Clarke

TOWARDS FUTURE DEVELOPMENT DECADES
IN THE CARIBBEAN AND
LATIN AMERICA

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TOWARDS FUTURE DEVELOPMENT DECADES
IN THE CARIBBEAN AND LATIN AMERICA^{1/}

The main themes running through UN development policy over the past two decades are growth and an integrated approach. The first of these conceived development in terms of an end. If desirable rates of GDP growth and capital formation were attained, then development achievements were satisfactory. There was debate about the strategy to be adopted in order to achieve these ends. Should the approach be balanced, aimed at synchronizing changes of all sectors or should it be unbalanced, where it was assumed that heavy injection of capital in one sector would act as a catalyst and generate overall growth? But over and above the method to be adopted was the goal of maximum growth levels.

The second theme in the development debate did not put less emphasis on economic goals but recognized that there were other criteria important to human welfare which should be considered in the development process and also that there was a spatial dimension which should not be ignored in the development effort. The approach, therefore, was to be an integrated one giving weight to social, spatial and environmental disciplines. The vehicle for achieving an integrated approach to growth was multi-disciplinary teams which included expertise over a much wider field of human

^{1/} This note focuses on the Caribbean because of the author's greater familiarity with that area.

endeavour than the economic. But possibly, because of the rapid rate of technological change and the growth of transnational enterprises, the drive towards high growth rates continued unabated, though now there was concern about social and environmental consequences. Towards the end of the second development decade, there is now rising dissent about growth as the end purpose of economic activity and growing concern about distribution, rather than accumulation of wealth.

Developing countries driven by an urgency to catch up with the so-called developed world, have for the past quarter of a century regarded planning as an indispensable tool for rapid economic and political achievement. Within the Caribbean, the setting of growth targets and the preparation of medium, short-term and project plans in order to achieve these targets, have been dominant activities of public sector economists. In recent times, however, there has been disenchantment with plan preparation exercises because of inability of Governments to create an expanding labour market for increasing supplies of labour. Furthermore, development experience within the Caribbean, with the notable exception of Cuba, has resulted in increasing polarities in the distribution of wealth. The rich has got richer, the poor poorer and high levels of inflation have severely undermined the real living standards of middle income groups. A review of recent Caribbean history shows certain economic characteristics:

1. While development plans were prepared with some regularity and with much political and intellectual fervour, no planning mechanisms were developed, so that in fact, Governments lacked the capacity to implement plans:

2. Plan preparation exercises were carried out by Governments on behalf of, but not with the people. The approach has been from the top down, with no attempt to involve the masses in dialogue, in plan preparation, or plan execution;
3. The spread of educational facilities, increasing levels of educational attainment, and unchecked aspirations towards consumerism, have all raised, in the young, job aspirations and socio-economic and class ambitions which these societies, structured as they are, cannot meet. As a result, there has been increasing disenchantment with the type of social change which has occurred in the region, and increasing alienation of youth from the growth process which they have witnessed;
4. Development paths chosen by Governments have made Caribbean economies more dependent on traditional metropolitan capitalist trading partners for raw materials and semi-processed goods for their manufacturing and industrial enterprises; and
5. The inability of Caribbean Governments to develop their agricultural sectors to meet current demands for food, and raw materials for agro-industrial enterprises, has made the region more heavily dependent on food supplies from developed industrial economies.

The task facing the Caribbean for the remainder of this century is a formidable one. Surely, past experience has demonstrated that increasing capital accumulation and high growth rates do not ensure social peace and stability. The price of further alienation of the populace is high, for current stress could, in due course of time, lead to open organized violence against individuals as well as groups. There is urgent need for crystallization of our thinking to make meaningful the twin concept of participation and planning.

The main thoughts behind this twin concept are:

1. Caribbean society has, on the basis of its historical antecedents, to establish meaningful goals aimed at improving life chances and the quality of life of all its citizens, particularly those who form the mass and whose ancestors, by their labour, laid the foundations which present generations enjoy;
2. Since these goals are concerned with the human condition, then people at all levels - socio-economic, cultural, residential, occupational - must participate in their formulation through group activity;
3. Participation is seen as both a thinking and a doing process, and its effectiveness will depend, in essence, on the extent to which Caribbean societies can decentralize their governing and political institutions. Current

tendencies towards centralization of power in the hands of political and economic elites can only brook ill for the future;

4. Participation in implementation is important in order to overcome waste in human resources resulting from current approaches towards development. For where the people are involved in thinking and formulating processes they will tend to choose technologies which will be complementary rather than substitutive to their effort. This is the path to full employment;
5. Planning is an indispensable tool for attaining goals. But the plan process must provide for people participation in the preparatory process. A national plan must be a synthesis of regional and geo-political interests together with economic human involvement in development of resource potential;
6. The individual states in the Caribbean are small so that the level of development which they can achieve will depend on the extent to which they can work jointly towards regional goals. The principle of participation of the individual citizen in the development process of any one territory must, therefore, be extended to define the relationships between the individual states. They all have to play a part in improving human conditions within the region, and in order to do this effectively

they must continue, whatever the hurdles, to plan regional courses of action. The twin goals of participation and planning should, therefore, be for the third development decade, centre-pieces for both individual Governments in the Caribbean as well as all Governments acting in concert with one another;

7. But Caribbean nations are only part of that broad continuum of states aspiring towards rapid socio-economic change. In the interest of the world community, they can both teach and learn by joint action with other states interested in adopting similar means towards common goals. CEPAL as the organ of regional consensus for the Caribbean and Latin America should therefore, establish close links with ECA, its counterpart for African states, where planning and mass participation are also keys for future development; and
8. As a means towards focusing on the dominant themes of participation and planning towards the year 2000, CEPAL-ECA should examine the possibilities of holding quinquennial sessions at either or both expert and ministerial levels to examine and plan progress towards these twin objectives.

THE STATISTICAL ENVIRONMENT
IN THE THIRD DEVELOPMENT DECADE

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THE STATISTICAL ENVIRONMENT IN THE THIRD DEVELOPMENT DECADE

Looking back on the past ten years the observed differences in the statistical systems are differences in detail rather than in fundamental purpose or approach. In the absence of some intervention, the same differences can be expected for the decade of the 1980's.

We must examine what is likely to happen in the next ten years. We must project on the basis of the current situation.

In considering the current situation, we must consider two relationships and project them to the decade of the 1980's in our examination of the future. They are: -

- 1) Relations of statistical offices to the rest of Government and to other public authorities.
- 2) The relation of the Statistical Offices with non-Governmental groups and individuals, both as users and suppliers of data.

In the decade of the 1970's, in many countries, there has been a great growth in the scale of official statistics. There have been great increases in the amount of professional officers in these offices. In many countries, the percentage of public expenditure spent on statistics has increased substantially. The range of statistics collected directly or indirectly from administrative sources has increased tremendously, accompanied by gains in accuracy and timeliness. Statistical technology and ADP facilities have improved.

In the Caribbean, these improvements have not been as great as those witnessed in the more developed countries and the increases observed in some of the countries have been at the instance of international organizations. Partly responsible for this relative lag have been the factors of limited Government budgets, lack of qualified human resources and lack of Government appreciation of the importance of proper statistics. Any advances in the statistical systems (at least in the English-speaking Caribbean) have been the results of the initiatives of the official statisticians in the statistical offices, and not as a result of top to bottom policy implementation. The shift towards economic statistics

and the break in the emphasis on population statistics was the consequence of the thinking that occupied the minds of the statisticians at the turn of the decade of the 1960's. These professionals perceived the increasing need to monitor the movement in the economic variables that affected the economies and moved to develop their national capabilities in business surveys (or surveys of establishments as they were first called). The decade of the 1970's saw the further elaborations of economic statistics and the attempts by statisticians to monitor changes in the economic and social ethos by means of indicators. The achievement of enhanced capabilities through training and subsequent developmental work was a function of the Governments' budgets, and since these differed greatly in response to the same and to different external stimuli acting on the national resource base, the size and output distributions of the various statistical offices became more skewed. The current reality is that in the English-speaking Caribbean, only the more developed countries of Barbados, Guyana, Jamaica and Trinidad and Tobago have statistical offices of a size that permits the production of a wide variety of statistics. The statistical offices of the East Caribbean countries are woefully lacking in human resources and as a result, in the range of statistics produced. It is true that more and better statistics are produced in the Caribbean today than ten years ago, but with greater Government enthusiasm, statistical offices in the sub-region would have been able to better keep pace with improvements in the technology. In the Caribbean today, many countries are two years late in the publication of their Annual Trade Statistics reports. At the same time, statistical offices are faced with urgent requests for current data. There has been some opposition to the increasing demands made by the collectors of statistics. The next ten years will witness the need for more statistics of a wider variety, including statistics in new areas.

The Government Environment

Governments are increasing their demand for more and better statistics to assist their decision-making. At the same time, there are two contradictory streams of demand.

1) People and Organizations, while calling for an increased role of Government in the production of goods and services, complain of excessive Government interference in their lives.

Government's appetite for official statistics will increase; so too will the public's resistance to requests for data in the coming decade. At the same time, the activities and importance of regional and local Government are likely to increase, and with it, the demand for small area statistics. Governments will have to solve this impasse through dialogue rather than through force.

Even if one assumes that ten years hence the Government environment will be such as to require at least as much statistical support as today, this does not imply an unchanged official environment for statisticians. It is possible that the continued Government demand for statistics will be set in a very changed context.

Firstly, at present, statistical resources are very unequal to the demands being made on them. The prognostication is that resources will continue to lag behind demands. Throughout the Caribbean, public expenditure will come under increasing scrutiny, and this will be a constraint to the increase in statistical personnel. The Caribbean countries have already experienced the consequences of economic pressures on their statistical output. The outlook for the 1980's is that foreign exchange will continue to be a problem and exert negative influences on the national capabilities to enhance the statistical infrastructure. This, together with the increased pressure on the statistical resources to produce data geared to the decision-making process, will probably result in a re-thinking of what the statistical offices should produce. This inequality of demand and resources will lead to:

1) The need for greater efficiency in statistical organization and production, and a greater reliance on administrative sources of data;

2) Greater need to establish statistical priorities, with statistical programmes being closely related to policy needs, and with the use of cost-benefit considerations applied to statistics. Also there will increase the need for both accurate and timely statistics. This would have ramifications on the present methods of production of statistics. The preoccupation will be to find simple summaries, key indicators and simple rather than complex models.

Policy-makers will be increasingly driven toward microstatistics, since more emphasis will have to be placed on improvements at the local level, and less emphasis be placed on overall national statistics which tend to be dysfunctional when viewed from the angle of distribution. Policy-makers in Government will increasingly expect from their statistical offices not so much the production of more data, as their analysis and interpretation. The trend in the 80's will be to collect less data and to produce more decision-oriented data. Advances in the statistical base for economic and social forecasting will become necessary. As a result of the new interpretative role to be played by the statistician, he will be expected to assign measures of reliability (quality labels) to the figures he produces. The statistician's new role as an interpreter will demand a more outgoing, policy sensitive approach that is not at variance with professional integrity.

Regular routine statistics will become less important while ad hoc surveys and analysis will rise to prominence. Statistical analysis will become more responsive to the problem of distribution which might at base be the generator of other economic and political problems. Social change and the social consequences of economic change will need to be analysed and quantified.

Ministerial and Geographical De-centralization

A continued movement towards devoted and dispersed Government seems likely in many large countries. Because of the already small nature of most of the Caribbean economies, this change would be slower in coming. The more likely phenomenon in the Caribbean would be the appearance of statistical sections of different Ministries. This will change somewhat

the context in which central statistical offices work. Small area data will be called for and there will be the need for coordination to ensure that what is collected and produced "locally" (or Ministerially) is compatible with national requirements. There will be organizational and methodological problems in how to link the statistical operations of local or ministerial statistical offices with their central counterparts. To the extent that the former have administrative autonomy, it will be the harder to sustain an integrated statistical system and organization. What would seem advisable would be the deployment of staff from the statistical office to various administrative locations (Ministries) where new data are to be extracted, in the interest of maintaining the integrated system. This approach will be jeopardized if Government budgets prevent the expansion of the statistical establishment.

Networks of local computer/data banks would rise to prominence in supplying comparable and prompt data.

The Public Environment

As regards dissemination and the two-way relation between statistical offices and the public, the environment ten years hence may be very different from now.

National Statistical Offices will increasingly be called upon to make the data on which policies are based more readily to the public at large. Greater openness will become the order of the day. Secrecy per se will not be tolerated. Statisticians will be expected to make available data collected at the public's expense and through their effort, in a form that renders them meaningful and useful to the public at large.

The public of the 1980's will be better educated, and more critical of Government's decision. They will need access to statistics to support their claims.

For the supply of detailed data, traditional methods of dissemination will not suffice and new technology will help. Computer terminal linkage to data banks holding anonymous aggregate data will become widespread in the more advanced countries and the use of user-oriented analytical

packages will further facilitate communication with the non-expert user. Detailed guides to the data available in this way will be needed.

In the Caribbean countries, the Governments will realize that the traditional means of retrieving data will no longer be satisfactory given the immediacy of the desire for the data. The more developed countries will move towards automated data banks and will design interfaces with the data bases in order to procure both data and analyses of the data. To the extent that this function is placed within the statistical offices, to that extent will the configuration of the statistical offices change. This activity is not likely to become very widespread in the Government service, by the end of the decade. The less developed countries will appreciate the usefulness of such storage and retrieval methods but will most likely not be in a position to utilize the technology singly. In this area, much reliance might be placed on the international organizations, who request the information and who at present assist in producing the information by way of UNDP-funded projects.

Because of increased analytical activity of non-Governmental institutions, national statistical offices may lose the near monopoly they enjoy now and there will be risks of duplication and confusion. Strong coordination by the central office will be required to avoid confusion.

Attitudes against form filling might harden and national statistical offices will have to ensure that the public at large does not consider itself to be excessively bombarded with questionnaires. National statistical offices will have to assume the role of clearing house for surveys through the mechanism of a Statistical Priorities Committee that functions. In Business Surveys, Statisticians and company accountants will have to forge closer links.

Data collection methods will seek to reduce the burden on the public, for example, in -

- 1) increasing use of sample surveys carefully designed to minimize sample sizes;
- 2) improving form design;

- 3) modifying business-oriented data to fit as closely as possible the data requirements of the economist, bearing in mind the differences in concepts between the two;
- 4) using administrative records as sources of primary data more systematically and generally.

In the Caribbean, the use of compulsory surveys will continue with relatively low response rates. There will therefore be greater emphasis on techniques of imputation to deal with the problems of non-response. However, 100% occasional surveys will still be necessary to provide data for "grossing up".

Privacy and Confidentiality will constantly be viewed by Statistical Officers as being pertinent considerations. At the present rate of progress, the decade of the 1980's will not find substantially softened positions on the part of the suppliers of data in the Caribbean countries. The statistical offices will face the task of allaying the fears of the public on confidentiality while making modest moves towards the linking of data and the creation of data banks, even though these banks pose a threat to the confidentiality of certain data. Within the data storage, retrieval and processing technology of the 1980's, assurances of confidentiality must be given if the statistical offices are to retain the support of the public.

The Technical Environment

Great changes in computer technology can be anticipated in the 1980's, with improvements in hardware and the likely predominance of minicomputers. Greater use will be made of optical character reading, microfilms, microfiche, etc. Processing should become faster and more efficient. The decade of the 1980's should witness the growing awareness on the part of Caribbean Governments of the need to computerize administrative records, with statistical outputs becoming a by-product of the system. To the extent that user-oriented computer systems assist in the achievement of this objective, they will be a real help. To the extent that they distract from this aim, they should be treated with caution.

The Professional and Academic Environment

The professional statistician must interpret his data, or others will do so for him. Statisticians must become more literate and administrators more numerate. There will be the increased need for interdisciplinary teams. The statistician will have to overlap with the functions of accountants, economists, EDP specialists, operational research specialists, but he will have to maintain the central core of his work.

Official statisticians will have to associate themselves more closely with the academic community and make use of advanced statistical techniques. On the other hand, University courses in Statistics should utilize to a greater extent the output of Statistical Offices. The hiatus between the official and the academic statistician will be closed to a great extent in the decade of the 1980's as they come together in the interest of a higher quality of statistical output.

The establishment of a Training Institute for Statistics in the Caribbean should become a reality in response to the need for increased efficiency of the statistical product.

The International Environment

The international environment for work of statistical offices will change in accordance with the organizations. Their influence will be felt mainly in the search for more comparable statistical concepts and in the development of accepted international standards and classifications. These objectives are likely to be intensified by the greater use of ADP and there will be increased pressure for the use of common coding systems in areas of mutual interest, for example, documentation concerned with international trade. Because international factors increasingly affect national environments, the pressures from international organizations for better and more coordinated data will intensify, but attempts will be made to more fully understand the national situation first.

Because of narrowed financial constraints that will face several small countries of the Caribbean in the decade of the 1980's, the national

Governments might not be able to provide the data demanded by the international organizations. These organizations may have to collect the new data by their own efforts, or sponsor the collection of new data for the purpose of inter-country comparisons through regional statistical projects or bilateral technical aid agreements with possible local salary support.

Since 1975, the third world countries have not been too enthusiastic to supply data to international agencies without seeing the need for such data. This attitude will persist in the 1980's, with the added inability on their part to provide the data requested because of resource inadequacies. Statistical activities sponsored by international agencies will therefore increase in the coming decade, partly to develop national capabilities and partly to ensure the provision of data needed by the international organizations. This aspect of the international environment does not seem to be at variance with the recent move towards decentralization of data collection activities away from the Statistical Office of the United Nations, to the Regional Commissions. A project is, by its very nature, temporary, and the Statistical projects in the Caribbean must come to an end, though the services provided should continue. In the coming decade, much of the responsibilities of the present statistical projects may very well have to be taken on by existing agencies such as CEPAL, through its Office for the Caribbean. The end of the second development decade has seen the beginnings of technical cooperation among developing countries. With the aid of the United Nations organizations, this aspect of self-help will be fostered in the decade of the 1980's, with the international agencies providing the services that might prove to be too costly or otherwise out of the immediate reach of the several sovereign states.

Conclusion

The continuation of foreign exchange difficulties and the increasing Government budgetary constraints seem to be the financial environment in which statistical offices in the Caribbean will have to function in the decade of the 1980's. The increased demand for decision-oriented

statistics and the lack of additional statistical resources will force the national statistical offices to be more critical of their output and encourage them to be more efficient. Many traditionally collected series will no doubt cease to be collected, while new and relevant series will appear. The shift towards more accurate quantification of increases in the quality of life will lead to new data on subject such as environment statistics. The need for automated storage, retrieval and processing of data will probably be met by heavy inputs from international organizations, because of the inability of the countries to provide that type of service in the medium term. The need for relevant, accurate and timely statistics will result in an evolution of the role of the statistical office in the planning system, and a better understanding of the local conditions, though the stimulus of heavy and urgent demand for statistics and relatively scarce statistical resources. The international organizations should be able to provide valuable technical assistance to the region, and promote the practice of mutual self-help through the mechanism of technical cooperation among developing countries.

TRANSPORT DEVELOPMENT IN THE
THIRD DEVELOPMENT DECADE

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TRANSPORT DEVELOPMENT IN THE
THIRD DEVELOPMENT DECADE

Transport

Generally, aid funds have not been difficult to obtain in the Caribbean and this applies equally to the transport sector. Sources have been British budgetary support, Canadian aid, while France and the Netherlands have spent a great deal on former colonies. The United States has provided funds on a similar scale for the Dominican Republic and Haiti, as well as contributing aid to the rest of the region. These funds have been made available and spent on a country-by-country basis, and as a result the regional transport system has "grown like topsy" instead of being planned.

The problem was recognized by the British, Americans and Canadians, who initiated the Tripartite Study of 1966 to determine how aid funds might best be spent. One result from that initiative was the establishment of the Caribbean Development Bank (CDB), through which aid was intended to be channelled. In practice, the three donors divided the aid programme between them and continued on an ad hoc bilateral basis as before, while also contributing to the CDB. In fairness to the donors, it should be pointed out that this happened, in large part, on the insistence of the individual governments.

As a result, the donors failed to indicate how much aid was to be provided for each sector in the region, and so the opportunity was lost for system planning on a rational basis. In the 1966-1976 period large amounts were spent on transportation. Canada alone spent about Can\$100 million. Yet, today, there still remains a number of deficiencies in the system that could have been rectified with proper planning in a regional perspective.

There have been many consultancy studies and reports in the sector, funded by a variety of donors. In several cases, even the organization which commissioned the work was dissatisfied with the

conclusion; few recommendations have been implemented; much work has been repeated.

There would appear to be two main reasons for this unsatisfactory history. First, the transport policies appropriate to a multinational archipelago with disparity, both in trading history and physical size, are more difficult to comprehend than consultants are used to. Standard methodology and solutions are often inappropriate. Second, the difficulties of communication, travel, and data collection in the Caribbean are not often fully taken into account by external consultants.

The end result is that studies have been re-examined rather than implemented, and the region has found itself educating successive generations of consultants rather than receiving the benefits of their work expressed in tangible improvements to the system.

The initiative displayed by the World Bank in the creation of the Caribbean Group for Co-operation in Economic Development (CGCED), and that organization's Technical Assistance Steering Committee, should be able to plan the development in the Third Development Decade, not only in transport but in other areas. This will rectify the previous situation where the regional perspective was lost. An opportunity will arise where the emphasis should be on less studies and more action; equipment rather than infrastructure.

For the first time there is a forum where donors and recipients can meet collectively to determine the course of action for the region.

The main areas of concern in the 1980's will be:

- Civil Aviation
- Infrastructural Deficiencies

The region is characterized by the close proximity of airports capable of handling the largest commercial aircraft; these are frequently less than one hour's flying time apart. However, there are three airports that are clearly inadequate to handle present and projected traffic

because of operational restrictions. Climate and topography impose severe constraints on the use of Arnos Vale Airport, St. Vincent. Landing is into the wind from the sea, while take-off is down-wind towards the sea. Wind velocity can close the airport and in any case causes weight restrictions for take-off.^{1/} Night flying has recently been implemented. The runway is 4,850 feet long, surrounded by hills on three sides, rises from the sea-end, and is crossed by the main road near the terminal building. Studies have rejected both an extension into the sea and an alternative site on prime agricultural land as being too expensive. STOL equipment would eliminate the down-wind traffic.

Pearls Airport, Grenada, also has severe operating restrictions, which limit flying to daylight hours only. A very tight turn is required in order to avoid the peaks of adjacent hills on approach to the 5,255 feet long runway. Both landing and take-off are towards the sea. The approach is considered too dangerous to attempt after dark, although using the most sophisticated automatic landing systems now available, together with STOL equipment, the runway could be made operational on a 24-hour basis.

The British first studied the problem in 1955 and since then five or six major studies have also been completed. An alternative site was identified in the original examination, but this is close to the recent hotel developments on Grand Anse Beach and would involve cut and fill. A cross-wind runway on the existing site has also been evaluated.

The Government wants better air communications, the lack of which is blamed, rightly or wrongly, for the slow growth of tourism. As it is over 25 years since the first study, perhaps this is the prime example of studying studies instead of solving problems, and all should share the concern of the Government of Grenada that nothing has happened.

^{1/} This results in empty seats and occasionally baggage being left behind.

The 5,000 feet long runway at Melville Hall, Dominica, has a difficult approach over a mountain range which precludes night landing. Take-off into the sea is permitted after dark because of the proximity of an alternate runway on nearby Martinique, although there is no night landing. Again, STOL aircraft could operate 24 hours per day.

A fourth runway at Blackborne, Montserrat, has a difficult approach which limits commercial flying to daylight hours only. However, foreseeable traffic demands do not appear to justify improvement and an adequate shuttle service using small aircraft can be provided from Antigua, only 15 minutes flying time away.

Aviation Service Deficiencies

Mention has been made above of limitations on night flying. It should be borne in mind that in the region the sun always sets between 6.00PM and 7.00PM. Thus a 30-minute in-flight delay by a jet from Europe or North America to Barbados can cause passengers bound for Grenada to miss the connecting flight, and force them to overnight in Barbados.

An examination of route structures shows that the region does not form a single system; it is often physically impossible to travel from one island to another on the same day. Despite the lack of links, the services that do exist are with one notable exception, reasonably reliable. That exception is LIAT which serves the Eastern Caribbean. While it must be conceded that LIAT operates the most intensively used equipment in the world, it is also without a doubt the airline with the worst reputation.

LIAT is owned by CARICOM Governments and cannot be allowed to go out of business as the carrier forms the only means of passenger service to many of the islands.

Passengers even with confirmed reservations cannot guarantee they will travel because of chronic overbooking made necessary by a high-rate of "no-shows" according to LIAT; schedules are sometimes not kept and delays caused by equipment breakdown are frequent. Coupled with the

operational limitations, these combine to make it difficult to offer the published service, and overflying of airports is fairly common.^{2/} Ground staff appear to lack commitment and are generally unhelpful to the travelling public. North American Travel Agents are most reluctant to book clients on the carrier for fear that they will lose future business because of problems, and this limits tourism development on LIAI-monopoly routes.

Until recently there was no alternative method of reaching some destinations because no passenger ships now operate between the islands. However, other scheduled carriers have initiated service on routes formerly the monopoly of LIAI, and small plane charter traffic has increased significantly. Businessmen and heads of diplomatic missions now charter instead of risking the possibility of being stranded.

These problems were recognized by the GSEB. A study is to be made of LIAI Fleet Requirements and Routing Structure. The objective is to define the aircraft replacement programme and service improvements that will permit the Company to attain viability. It will analyse the operating costs and revenue that would be produced with the existing route structure and alternative structures, using the present fleet and new aircraft of the present type or other types.

It may well be found that a change in aircraft type to STOL equipment can obviate the need for further infrastructure investment, while improving the level and reliability of operations.

While the study is being undertaken, LIAI has leased some aircraft of the existing type and performance has been improved.

^{2/} Two examples illustrate the difficulties. A recent St. Vincent-Trinidad flight arrived 25 hours late on a one-hour flight, and a passenger with a confirmed reservation from Grenada to Trinidad on a Sunday was not able to fly until the following Thursday.

The CGCED also initiated an Airport Maintenance and Operations Study with the objective of determining what is needed in terms of improvement in maintenance and operations, and the equipment required to bring selected airports to the standard needed for safe and efficient handling of current and expected air traffic levels.

Work will also be needed on air freight development. If airports can be operated on a 24-hour basis, and if the aircraft type can be readily converted to freight operations then they could carry freight at night and so increase their effective utilization.

The results of these studies will provide the key to the direction that further work on civil aviation will take in the 1980's.

Maritime Transport

Infrastructure Deficiencies

Most islands already have or plan to have deep water port facilities capable of handling ocean vessels. However, as in aviation, there has been over-investment in this sector. The World Bank Mission to CARICOM in 1973 found that all islands had port development plans, based on the assumption that they would handle transshipment as well as domestic traffic. While airport investment was largely complete by 1972, port development occurred from that date and is likely to be completed by 1980. Up to April 1977, loans from CDB amounting to US\$20.5 million had been approved for this purpose, which totalled 17.6% of all loan disbursements made by CDB.

It can be accepted that the CDB had to yield to demands made by members in its formative years, and it is a fact that strenuous efforts were made to scale down the proposals and restrict the amount lent. It can also be accepted that there was a need to eliminate lighterage in the region. But when the programme is complete, deep water facilities are available and the loans have to be repaid, it may be questioned on

grounds of under-utilization if it was necessary to provide facilities for ocean-going vessels at all ports.

As is known, the trend in ocean transportation is towards larger ships making fewer port calls. Already, container ships serve the region from Europe and North America. Major intra-regional shippers are demanding containers for shipments. Furthermore, 65% of intra-regional trade is carried in small vessels. One of the regional shipping lines, WISCO, plans to operate shallow draft vessels to serve these ports with intra-regional breakbulk and container traffic, as well as offering transshipment service to ocean lines. WISCO is, in any event, likely to operate only container services during the decade. Some ocean lines have themselves announced feeder services to the smaller islands. Lines serving the region from Miami and Puerto Rico use RORO or tug and barge equipment. In the light of these developments, the provision of deep water berths in excess of 20 feet at each port would appear to be unnecessary at most, if not all, of the vessels calling at the ports will not require this depth.

In the case of Dominica, for example, while it was necessary to eliminate lighterage, a deep water port has been built at a cost of US\$5.4 million. This facility is only likely to be used regularly by the GEEST banana boats, which usually call every ten days. GEEST, with its vertical integration of operations, will gain the main benefits, while the Government of Dominica foots the bill. Ironically, this facility has now been damaged by Hurricane David before its official opening.

Maritime Transport Service Deficiencies

Apart from ocean lines that operate in intra-regional trade, there are two shipping lines owned by regional governments. These are NAMUCAR^{3/} and WISCO.^{4/}

In many respects there is a close parallel between WISCO and LIAT. The shipping line had always operated under subsidy; has a history of poor management; and survived from crisis to crisis. Canada spent large amounts of money over the years both for ships and technical assistance, yet the regional governments, while expressing a desire to see the line operate efficiently, have been unable to take the necessary steps to ensure that it can do so.

Inter-island small vessels carry most of the regional trade and there is a heavy concentration of services in the Eastern Caribbean. While these vessels do not operate regular scheduled services, they tend to remain on the same route. Half of the fleet operates between Trinidad, Guyana and Barbados, while there are regular sailings between these ports and St. Lucia, St. Vincent and Grenada. The traditional small wooden-hulled vessels with sails and an auxiliary engine are gradually being replaced with single or twin-screw steel-hulled vessels carrying up to 500 tons of cargo.

The small vessels have traditionally provided the cheapest form of sea transport, and this is made possible by low standards of service. There are frequent transit delays; damage and pilferage of cargo is prevalent. In an area where fresh fruit and vegetables form a significant part of the total traffic, there is an almost complete lack of reefer or chilled space. Insurance of cargo is difficult to obtain mainly due to

^{3/} NAMUCAR serves Tampico, Veracruz, Havana, Kingston, La Guaira, Puerto Cabello, Barranquilla, Cartagena, Cristobal, Puerto Limon, Bluefields, Houston, New Orleans, Curaçao, and Port of Spain.

^{4/} WISCO serves Guyana, Trinidad, Barbados, Grenada, St. Vincent, St. Lucia, Dominica, Antigua, Montserrat, St. Kitts and Jamaica.

the poor physical condition of the ships. Where it can be obtained, it costs roughly double that for larger vessels and generally applies only to total loss. The newer steel-hulled vessels can obtain more favourable rates. Individual vessel owners seldom entertain claims for cargo damage, even when this is attributable to poor cargo handling or pilferage. Finally, it is almost impossible to obtain finance for the purchase of replacement vessels.

The problems associated with this type of operation between Eastern Caribbean islands are almost identical to those found in internal cabotage in Haiti, where a lack of roads make outlying communities dependent on small vessels in coastal service.

The inter-island small vessel services do not demonstrate the same pattern as air services, and cut across heritage and language boundaries. However, there has been no scheduled passenger sea services since WISCO ceased to operate a joint cargo/passenger vessel in 1975. This makes the movement of passengers difficult especially in the light of the problems encountered with LIAT.

The CGCED has initiated a number of specific actions in this sector, which will improve the performance during the Third Development Decade.

A comprehensive project is being initiated that will provide shipping statistics; raise the level of safety, particularly for the small vessel fleet, up to IMCO Convention levels by assisting the governments to establish Maritime Safety Administration; provide technical and commercial advice to regional shipping lines and carry out a comprehensive upgrading of all aspects of the small vessel fleet.

Internal Transportation

The 1980's will see the need for traffic engineering techniques to be applied to the urban transport congestion. In addition, alternates to the private car transport will have to be sought.

Land links between contiguous countries will be provided and/or improved.

The Energy Question

The cost of energy will obviously affect all sectors of transportation in the region, as it will in the rest of the world. This will be vitally important to the internal movement of countries where the dependence on the private car for personal transport will have to be reduced where traffic flows are heavy. For example, the Express Busway in Trinidad might well be replaced by an electric railway, using the European pattern of light weight high speed equipment. Trinidad has sufficient supplies of natural gas to generate the electricity. Such a system in Trinidad could use the old railway right-of-way to the east of Port of Spain, and be extended west of the city on an elevated structure of concrete. The railway might have to be re-instated in Georgetown also. Where no railway exists, bus services will need to be introduced or improved.

The increasing costs of energy for civil aviation might require some initiatives for example, in order to reduce the number of "no-shows" (that is the people booked on a flight but who fail to arrive at the airport) a penalty could be introduced of say 20 per cent of the face value of ticket. This would reduce the waste caused by flying with empty seats when other people would have used them, but was unable to obtain reservations because the plane was full.

In maritime transport there might well be a re-introduction of passenger vessels to carry inter-island passengers. Higher energy costs will further reduce the number of ocean vessel calls, especially at the smaller ports making the introduction of efficient feeder services of paramount importance.

Conclusions

Until recently at least, there was a general feeling in the Caribbean that aid funds were easy to obtain, perhaps as a result of budgetary support from parent metropolitan countries or the former Canadian method of financing aid projects, where funds not spent in the year of allocation were retained instead of the more normal practice of reverting to the Treasury. As a result, CIDA always seemed to be able to find money for new projects.

In examining the present system of both infrastructure and services, the impression remains that if the total amount spent on transportation in the ten years between 1966-1976 had been known in advance, investment would have been planned differently and some attempt would have been made to ameliorate the remaining severe constraints.

There appears to have been over-investment in infrastructure for both aviation and maritime transport. For example, St. Kitts has a 7,600 feet long runway that in its first two years had only two jet freighters on it. There are no scheduled services for large aircraft, the Hawker Siddeley 748 is the largest scheduled user, and that needs only 4,000 feet of runway. This airport is now served once weekly by ALM, using a DC-9. The deep water ports appear to have been built on over-optimistic traffic forecasts with insufficient attention to ocean shipping trends. Of course, it can be argued that facilities must be provided if it is hoped to generate traffic, but it would appear that some of the facilities will never be fully utilized.

On the other hand, due to the lack of regional planning there has been no attempt made to vary equipment or services to overcome deficiencies, and thus obviate the need for further infrastructure development.

In short, there is a need for a comprehensive approach to regional transport rather than an ad hoc country-by-country (or island-by-island) approach. The fact that one island has an 8,000 feet runway or a deep water port does not mean automatically that a neighbouring island should then have or even need similar facilities.

In order to evaluate the options facing the region there is a need for a comprehensive knowledge of other regions and technological developments in transport. Generally, this knowledge can be obtained by the use of external technical assistance. However, the region must come to grips with its own problems and not be presented with a plan from outside. In short, the region must be encouraged and assisted, but in the final analysis has to resolve its own problems.

The transportation system must be kept as simple and therefore as cheap as possible. New technology is often complex requiring skills not found in the developing world. At all times it should be remembered that the region has to both operate and pay for the equipment provided.

Finally, the increasing cost of energy is going to cause a fundamental re-evaluation of transport operations that will affect not only Maritime and Aviation Operations, but also internal communications.

These changes can only be absorbed if there is a comprehensive approach to the problem. It is not too late to produce a regional master plan for transportation in the Caribbean for the Third Development Decade, and systematically plan the changes from the present system that have to be implemented.

SOME IDEAS ABOUT A STRATEGY OF CARIBBEAN
AGRICULTURAL DEVELOPMENT DURING THE 80's

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AGRICULTURAL SECTOR

Some Ideas about a Strategy of Caribbean
Agricultural Development during the 80's

The Agricultural Sector in the Caribbean suffered serious setbacks during the 1970's, due to the combined influence of endogenous as well as exogenous factors. The impact of those factors is well known and sufficiently illustrated in an abundant and varied literature produced by national, regional and international sources, especially the banking institutions.

The present situation, prevalent in varying degrees among all the CDCC countries, is likely to continue throughout the 80's and even worsen with the passing of time, due mainly to increased pressure of population on available agricultural land; unless innovative, bold and practical remedial measures are quickly taken. Nevertheless, radical changes are hard to operate or even impossible to obtain in the short run - even when all the requisites are at hand - because of the very nature of agriculture and the time necessary to induce those changes. For, it implies a change of attitude concomitant with a sense of commitment at the individual, national and regional levels, which is hard to achieve; as it is so far attested by the failure or impotence of national and regional institutions created to bring about those changes. The mechanisms and instruments invented so far, have failed because apparently they did not take sufficient account of the Caribbean agrarian realities or of the Caribbean farmers' idiosyncrasies. This is why any strategy, which is proposed to change the course of agriculture in the Caribbean, must have as a prerequisite the expressed political will and sincere and clear commitment on the part of individual governments and groups of countries to follow and implement the strategy agreed upon and to create appropriate instruments and mechanisms of implementation and control. Such strategy should encourage greater private sector involvement, which experience suggests, is best done through associations of producers, which by their dynamism might be in a better position than State enterprises to bring about those changes quickly. In the following are listed some of the salient characteristics of agriculture in the Caribbean and the main constraints responsible for the overall slow growth in the production of export and domestic agriculture; if not stagnation or decrease especially in some of its important subsectors.

CHARACTERISTICS AND CONSTRAINTS OF THE AGRICULTURAL SECTORS

Born out of a similar past colonial experience or parallel historical developments that helped shape their actual agrarian structure, the agricultural sector of the countries of the Caribbean reveals in general, many common characteristics and features which in most cases act as constraints to development.

a) Deficiency of the Agrarian Structure

On one side are the large, private and public holdings or plantations, which still produce on the best available lands, the traditional export crops and use modern techniques of production. On the other, large number of small and fragmented peasant farms which constitute a small proportion of the total agricultural land strive to produce mainly the subsistence or food crops and marginally some export crops.

b) Dependency of the overall economy on rural activity

A high proportion of the total population is still actively engaged in agriculture. Thus the Sector continues to be an important source of employment; income and foreign exchange.

c) Stagnation or failure of agriculture output

Growth of agricultural output in general fails to match that of population, resulting in increasing food import bills and complicating the problem of balance of payments.

d) Failure to increase or maintain former levels of export production

Even agreed or granted international quotas have not been satisfied.

e) Lack or insufficiency of linkages

There is a noted lack or unsufficiency of linkages between agriculture and other sectors of the economy, especially as far as industry, tourism and marketing are concerned. This may be due to the combined effect of the social stigma attached to agricultural work and inertia demonstrated by the entrepreneurship side.

f) Biased orientation of the education system

The orientation and content of the education system in the Caribbean militates in general against the development of the agricultural sector. There is an urgent need to establish a better linkage between the education system and the activities in the rural area.

g) Decline of Wage Labour in the Field

Quantitatively and qualitatively wage labour has been declining in the field, due in part to the unwillingness to engage in agricultural works and the lure created by relative and favourable wage differentials paid for city works.

h) Ineffectiveness of the integration instruments

There is a loss of momentum in the integration movement, induced in large part by the cumulative effect of many external factors (balance of payments problems and so forth). Consequently, the institutions and instruments created to stimulate trade and indirectly production have not had the desired impacts.

i) Impact of external tastes and standards

Those tastes and standards are not matched with locally available resources. This is definitely linked with the reticency of the commercial sector to change their commercial practices and to venture into local production and/or marketing of products similar to the lines of those they are accustomed to import or substitute thereof.

j) Insufficiency and inadequacy of tariff policies and systems

Throughout the Caribbean different tariff systems are applied. On one side, the ECCM countries and the CARICOM countries have elaborated systems of common external tariffs which in both cases are not fully implemented. Both systems provide concessions in levels and time of complete application of tariffs for less favoured countries within their grouping. On the other side, are the tariff systems in force in the rest of the CDCC countries, i.e. Cuba, Dominican Republic, Haiti, Suriname and Bahamas.

Among other things, a certain degree of harmonization of those tariffs directed at creating favourable conditions for trade in agricultural products among the CDCC countries is urgently needed.

k) Inadequacy of investment incentives

Traditional approach to credit allocation has not encouraged agriculture development. Small farmers could not effectively meet the requirements (guarantee or collaterals) to be eligible for medium, long term or even short term credits. New policies and more action-oriented programmes have to be devised to encourage and assist the small farmers and at the same time help in the establishment of local or regional agro-based industries.

In conclusion, there seems to be an urgent need to increase internal food production and at least maintain the level of export earnings.

Proposed Strategy for
Caribbean Agricultural Development During the 80's

Because of the special and complex nature of agriculture, a general theme proposed as a strategy would not be sufficient; specific policies and programmes have to be formulated, taking into account the unique and special circumstances under which the situation has evolved for each of the following aspects or stages of agricultural development, to name a few:

- Land availability and distribution (tenure systems and pattern of land use);
- Production systems and use of inputs;
- Availability and use of services (extension, research and application);
- Farmers' education (including capacitation in the application of research results);
- Credit availability (adequacy of credit policies and systems);
- Price policies and systems of incentives;
- Trade policies (internal and external);
- Co-ordination and co-operation.

All those policies and programmes presented as an integrated package would constitute a comprehensive strategy for agricultural development or improvement.

Granted the above premises two situations have to be considered. As said before, two distinct forms of farm exploitation coexist in the Caribbean circumstances, and each one requires the formulation of a distinct strategy in order to bring about the concerted changes. At the same time, the time factor cannot be ignored for the desired changes would require different time spans to materialize.

With these elements in mind, the following preliminary ideas are offered as suggestions for themes to be included under the strategy for development of the two distinct subsectors of Caribbean agriculture, during the 80's.

SUBSECTOR OF AGRICULTURE FOR EXPORT

Traditionally, the big holdings enjoy easy access to supplies of main agricultural inputs and credits and generally use modern techniques of production. They usually concentrate the main operations on the part of the estate most suitable for the development of their activities while the rest of the land lay idle or in fallow.

Given those circumstances, a strategy for the improvement of this important subsector of the Caribbean countries economy could be summarized under the following theme:

Maintenance of export earnings levels and full use of excess land capacity for food production

This suggests the following lines of action:-

1. Revival of principal agricultural export crops and progressive diversification through the:
 - a) introduction of high-yielding varieties and related technology in order to raise the level of productivity. This would enable the countries in the area to improve the comparative advantage position they already enjoy;
 - b) phasing out of production of export crops on estate land, marginal in terms of opportunity to other uses;

- c) development of food crops and livestock on phased land.
2. Encouragement of greater rapprochement with firms and organizations working in the same field at national and regional levels, in order to:
- a) exchange research results and market information;
 - b) explore possibilities of joint actions which might lead to bilateral or regional agreements for sharing of research efforts and even joint processing and marketing;
 - c) enhance their bargaining power in the international market.

SUBSECTOR OF DOMESTIC AGRICULTURE

As far as this subsector is concerned, the limiting factors either of a social, technological or economic nature, which impede its development, make it difficult to suggest a clear cut strategy. However, in view of the serious food shortage experienced by the region at large on the one hand and, the great responsibility left to the subsistence sector to feed the region on the other hand, a general theme suggests itself:

Systematic uplifting of the subsistence sector or its full introduction into the market economy

This could be achieved through the progressive implementation of a practical programme of increase in food production, which would comprise among other things, the following measures:

- 1. Creation of favourable conditions for increased food production, which would comprise:
 - a) the design of a price policy that takes into account the approximate cost of production on average type of land suitable for the commodity;

- b) The provision of guaranteed market for the entire production;
- c) The development of adequate processing facilities to take up excess in periods of gluts and thereby extend the period of availability;
- d) The provision of supervised credits to small farmers willing to work in association. The associations may take the form of cooperatives of production, of credit, of marketing or any other form which would offer sufficient collective guarantee to the lending institution on behalf of the individual member;
- e) The availability of extension services. Effort should be made to integrate within the extension scheme the traditional system of self help in honour in the Caribbean countryside ("coumbite" or "ronde" in Haiti, "coup de main" in the Eastern Caribbean and "gayap" in Trinidad and Tobago etc.) This would call for a continued search of leaders in rural communities or farmers known to be exceptionally gifted to form the on-the-spot indispensable cadre upon which the extension work could be favourably based. It is as far as extension is concerned an untapped human resource base;
- f) A scheme of subsidies which could be partly financed by the proceeds of redistributive measures: such as special tax on certain luxury imported items earmarked for agriculture or taxes on idle or abandoned land, etc.

2. Distribution of land and consolidation of fragmented holdings.

All the measures indicated above will not be sufficient to change the present situation in the Caribbean agriculture, unless they are accompanied by a programme of redistribution and consolidation of small parcels of land. Because for agricultural activities to be attractive, the farmer must be in a position to derive a reasonable income from them. And this he cannot achieve unless the conditions are met: an economic size of land and the other prerequisites indicated under this subsector. Consequently,

whenever and wherever necessary (as it has already happened in some countries of the Caribbean), laws should be enacted to enable Governments to dispose of State lands or take possession of idle private lands against convenient compensation to the owners - with the view to distributing them to small food producers in accordance with the development schemes envisaged for this group. All this has to form part of an overall plan of agrarian reform.

3. Design and application of a programme of farmers' education.

Because of the high number of small farmers and the difficulty of reaching them for education purposes and capacitation in modern agricultural techniques, the best way is to instruct them in groups. So emphasis should be placed on the organization or promotion of associations of farmers, through which instructions could be economically transmitted to individual farmers. A whole set of measures should be taken to encourage such movement. For example, one of the requisites for participating in and benefiting from, the credit and incentive schemes should be membership in an agricultural producers association. The farmers' education programme should include elements of home economics and marketing.

4. Formulation of appropriate credit, price and trade policies with the view of encouraging the development of food production taking into account the establishment of mechanisms for financing at the farm level.

5. Formulation of policies and creation of instruments to encourage greater cooperation at regional: such as regional pools of planting materials, coordination of research efforts and sharing of research results. The benefits to be derived from the implementation of these measures are so obvious that there is no need to extend on them.

ISSUES OF SOCIAL DEVELOPMENT IN THE CARIBBEAN
FOR THE THIRD DEVELOPMENT DECADE

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ISSUES OF SOCIAL DEVELOPMENT IN THE CARIBBEAN
FOR THE THIRD DEVELOPMENT DECADE

I

The sub-region as a new socio-economic entity

The Caribbean countries have embarked, by launching the CDCC in 1975, on an exercise aiming at self-reliance and self-propelled development, that is to say, in an effort to reduce their dependency vis-à-vis the former metropolitan countries. This dependency, according to the Committee, originated in traditional patterns of foreign trade^{1/} which generated unique production and social structures, should be remedied by developing intra-Caribbean contacts and trade, and creating a basis for expanding commercial relations with Latin American groupings sharing purposes similar to the CDCC.^{2/}

1/ In the overall Work Programme of the Committee, the chapter on International Trade, the one before the last, starts with the following statements:

"One of the most outstanding characteristics of the majority of the Caribbean countries is that they are highly dependent on foreign trade. Moreover, a very important part of their exports consists of raw materials whose production and trading are still mainly in the hands of transnational enterprises".

2/ While the first operative paragraph of the CDCC Constituent Declaration signals out trade as an important mechanism to foster cooperation among the member countries, the second one details the core of the strategy to be followed:

"The Member Countries declare their political will and resolution to:

2. Carry out trade analyses, with emphasis on tariffs, customs procedures and other related aspects, with a view to harmonizing and simplifying the mechanisms to promote trade between the countries of the sub-region".

In the chapter on Regional Cooperation of the Work Programme, it is decided that activities of the Committee will correspond to the will expressed in the constitutive document of SELA, strengthen CARICOM and its links with CDCC non-CARICOM countries, expand intra-regional trade, and establish links with other sub-regional Latin American groupings such as the Central American Common Market and the Andean Group.

To identify the requisites of social development in the next decade and the range of viable progress towards self-reliance, the question has to be raised on how far it is possible to advance towards the re-orientation of Caribbean production and trade.^{3/} The experience accumulated since the creation of CARIFTA, compared with the other Latin American exercises should assist in the extrapolation. The strategy proposed has serious social and political implications and it is not exempt of ambiguities and possibilities of diversion.

The CDCC strategy for development aims, from a sociological point of view, at fostering a certain development and reconversion of the most powerful sector of the Caribbean economic élites. It is based, from an economic point of view, on an attempt to re-orient external trade of individual countries in order to secure relationship of mutual support between trade and production. It follows the pattern inherited from the operation of colonial plantation systems, modified under the assumption - which deserves close scrutiny - that more diversified and more controllable external markets should stimulate more diversified and more controllable productive systems. The strategy lies heavily upon the political commitments to create such a privileged context for Caribbean commercial relations.

An attempt to diminish and eventually cancel the high degree of external dependency of Caribbean countries by intensifying sub-regional relationships, creates by the same token a new economic milieu, where activities other than trade can be organized. It refers to the production of goods and services in a space controlled by two or more states.

^{3/} In the discussions which follow, the economy of a country is conceived as a peculiar set of social relations and economics as a scientific accounting of the output obtained from such social interchange. The economic fabric of a society is therefore not distinguished from any specific social fabric.

Exploitation of marine resources, development of air and maritime transportation, communications and related services, as well as tourism, and also coastal area development, particularly in its environmental aspects, require agreements between two or more governments and participation of enterprises rooted in different national markets.

The sub-regional service sector has evolved up to now in the traditional frame inherited from colonial times, and is geared in a large measure towards extra-regional relations. Its corresponding productive system is fashioned by transnational corporations. The possibility of servicing primarily the Caribbean countries represents a formidable challenge; and private initiative does not seem to possess the resources nor the experience to compete successfully and modify the established trends. In fact, few governments are in a position to initiate actions in the sub-regional service sector, and those who have done so are experiencing recurrent economic losses. As for the production of goods, there is no significant collective action to be registered in the exploitation of marine resources; joint ventures in the exploitation of mineral and other natural resources have not been encouraging, a few agricultural ones have led to better results.

Progress and attempts, during this decade, to occupy the sub-regional economic space created by the successive integration schemes have followed a pragmatic approach and evolved according to a case by case consideration. Global strategies formulated up to now show the economic advantages for the national situations which are expected to derive from sub-regional activities, and imply a conception of the economic interrelationships within each territory. The impact of national structures of economic activities which can be organized at sub-regional levels refer, besides the acceleration of these activities and the increase in the bargaining power of their actors, to consequences expected on employment situations, food supply and protection of Caribbean sites and natural resources.

The sub-regional milieu as conceptualized by the Caribbean countries seems characterized mainly by political variables. Nonetheless, note must be taken of the fact that not all Caribbean entrepreneurs and workers are equally equipped to evolve beyond the national trade activities and even governments face serious difficulties to invest at this level. If the next development decade has to witness some progress in Caribbean self-reliance, there is an urgent need to assess with anticipation sub-regional activities with their respective sub-regional investments, risks and profits. Indeed the political parameters cannot be overlooked and the good will of each state - within the respect for the sovereignty of the partners as well as the special consideration for the LDC's, as enshrined in the Constituent Documents - may set several processes into motion. Nonetheless, there is obviously a problem of collective investments and distribution of returns (profits and losses).

The behaviour of each sub-regional economic unit, regardless whether it is a state or an individual, cannot evolve without any consideration of extra-regional factors on the one hand, nor can it discard on the other, the variety of resources owned and controlled by other units. The present inequalities between countries will not necessarily diminish because intra-regional economic ventures are successful, and the role of political decision is precisely to achieve a workable arrangement between the need to assist less endowed partners and the need to satisfy those who are taking the bulk of the risks. The difficulty of building up this workable arrangement is always increased by the appeal of eventual extra-regional partners, who are in a better bargaining position since they do not share the numerous political commitments binding one Caribbean country to another.

A pragmatic approach to this situation does not allow a systematic search for self-reliance, because extra-regional economic forces remain in this case, the "invisible referee" of these negotiations. Long term political commitments rest on hard economic facts. What steps should be taken to at least foresee the impact of the "invisible referee", if not to eliminate its influence? What is the economic logic of the

negotiations that have taken place between Caribbean governments during this decade? What can be expected in the next one? What are the areas of flexibility and of viable intervention? What are the extension and characteristics of an intra-Caribbean economic pace which will eventually be integrated by the largest Caribbean enterprises, i.e. Caribbean multinational ventures? In one word, the forecasts of the economic parameters and consequently negotiations which are taking place and are expected to be intensified in the near future, are hampered by the lack of a Caribbean doctrine of economic integration. It cannot be expected that sound prognoses will guide decision-making on national activities, if economic laws and principles of that space are not codified.

II

Reorganization of National Context

The Caribbean governments expect, by articulating the sub-regional economic space as some kind of buffer between the individual countries and the external world, to be able to re-structure the plantation economy (or plantation-like economy) they have inherited. This re-structuration is conceived as a gradual self reinforcing process: the sub-regional instances stimulating and being in turn stimulated by the national ones. Areas of action signalled by the CDCC refer to the upgrading of the productive capacity of the member countries basically in agriculture and industry, and to socio-economic measures designed to assist and monitor this development and to ensure a more equitable distribution of its outputs. Intra-Caribbean cooperation should ease and accelerate the intended structural changes.

The re-structuring of the Caribbean societies along the line described previously is a political project and its main protagonists are not openly identified in the Constituent Document of the CDCC. Nonetheless, the success to be achieved during the next development decade will vary according to the ability of these protagonists to

implement or to resist the implementation of projected structural changes. The active role in the execution of the strategy will be played by the civil service. The merchant class will play a passive role inasmuch as it has to be induced to reorient its traditional activities. In this chapter, the circulation of goods and services will be discussed as social development issues are raised in relation to the productive sectors. Some special considerations are necessary in relation to the public service before considering these sectors.

The art of governing is in fact one of the principal issues of social development to be contended with at the national level, because its instruments and its mechanisms have been created during colonial times and they bear consistency with the fundamental dependency enacted by former metropolises. Two dimensions of structural changes are pointed out by the Committee: the need for intra-Caribbean horizontal cooperation and the need for developing and upgrading planning mechanisms.

Much hope is placed on the benefits of intra-Caribbean horizontal cooperation. The Work Programme of the CDCC has underlined the importance of the exchange of information, and actions, even though still incipient, have been taken. These would reach their full deployment in the 1980's. Nonetheless, the question remains: to what extent can governments overcome the inherited balkanization processes during the coming years? Which areas are more suitable for these purposes and what is their relevance in the overall strategy? What are the main obstacles to horizontal cooperation? Will the CDCC be able to harness within a consistent strategy the TCDC funds available in the U.N. system? To take full profit of these available resources to launch solid infrastructures for sub-regional cooperation, there is need to accelerate the flow of information within the governments themselves and then to harmonize national policies at a sub-regional level. What accounts for the present lack of communication between different government departments? Is any betterment foreseeable during the next decade? What steps should be taken to ensure such progress?.

With respect to the planning systems and taking into account the external constraints limiting the Caribbean efforts towards self-reliance, what objectives should be achieved in the next decade to make socio-economic planning a meaningful exercise? Which area of social development can help to lessen the impact of external forces, - endorsed by local groups - on medium and long term planning? For instance, which groups are prepared to accept some sacrifices required by the modification of traditional patterns of development? Which sacrifices are most likely to be acceptable? Finally, what can be done to make these sacrifices acceptable to given groups?

A further issue of concern in the implementation of the CDCC development strategy is the size and importance of public services (both civil and military). The traditional pattern of consumption of the public servants, rooted in a differential of income quite well protected by their associations and trade unions, is not unrelated with the demands for imports of foodstuffs and expensive durable and semi-durable consumption goods. What should be done to reorient this purchasing capacity in support of inward-oriented activities? Furthermore, the impact of both services on the labour market, (on the preference of students for liberal arts instead of technical careers, on the attitudes toward manual occupation and private entrepreneurship, on sectoral imbalances between wages and salaries, etc.) must be assessed. Are these problems inherent to the services themselves, and only aggravated by the context in which they operate and which make of them the only safe harbour for the supply of labour? While the public employees are in a position to display patterns of conspicuous consumption fostered by the import trade, are they not the only sector of the labour force which cannot be affected seriously by the impact of dependency relationships?

The policy of horizontal cooperation and mutual assistance to which the Committee adheres represents indeed a major innovation in Caribbean government and administration. Up to now it takes place mainly on bilateral bases. Programmes for the removal of language

barriers are being launched and should ease the processes of mutual exchange. Moreover, a Council for Science and Technology has been created and thoughts are given to a Council for Social and Economic Development. How can it be ensured that the sharing of knowledge and the production of indigenous science and technology will assist not only the scientists and bureaucrats themselves, but the population at large, by becoming social innovations. For instance, from the availability of the technology for low cost housing and food production, which will undoubtedly strengthen the position of the Housing or Agricultural Department, to the actual betterment of these situations, which will profit the population there is some distance. What modification in income distribution, land tenure or marketing systems will allow the urban and rural marginals to apply these new technologies?

Beyond the supporting services for the dissemination of science and technology, beyond the exchange of information and the problem of language barriers at sub-regional levels, there are a series of questions related to internal cleavages within each country, which should be addressed. The distances between the public service and the population, a legacy of colonial times, is most certainly one of them. How far can social dialogue be fostered during the next decade? What set of interests should be acted upon, to provoke a two-way dialogue between administration and the general public, a self-propelled movement toward some kind of unity in the ruling of the affairs of the State? Why is it that in the Caribbean public administration is largely perceived as antagonist or at least indifferent to the interest of private citizens? How can a civil servant change the attitudes of the rural and urban marginal population when its own behaviour, as far as administration is concerned, is still a testimony of old colonial times?

In the agricultural sector, assuming that the civil service is in a position to break the vicious circles which tend to restrict its actions to the self-perpetuation of inherited structures and attitudes, how is it possible to stimulate economic structural changes? The Work

Programme signalled three basic constraints: structure of land tenure, lack or limited application of technology and the actions by trans-national enterprises. In most countries of the Caribbean, basic development policies are rooted in the principles of free market economy and the stimulation of private enterprise. Within this frame of reference, and paying attention to the basic scarcity of agricultural land, how far can land tenure reform progress? Is it possible during the next decade to secure a viable size of agricultural exploitations for the rural labour force, or alternatively to hire the labour force at acceptable levels of income and of working conditions?

The Work Programme states that problems in the sector relate to variables like employment, supply of industrial outputs, levels of living of rural populations, migration from rural areas to cities, use of resources and development of tourism. Taking into account most particularly the present trends in the output from the educational services what proportion of next decade's labour force will be willing to accept employment in marginal or even non-marginal agricultural enterprises as low status workers? The identification of realistic qualitative and quantitative targets in human resources development for rural areas has some technical solutions, but what seems difficult and up to now impossible is to achieve any target within the present organization of rural economies. Youth development schemes and incentives to cooperatives have been adopted throughout the sub-region, is it expected that such programmes will significantly assist in solving the problems signalled by the Work Programme?

Furthermore, how can the Caribbean countries absorb higher levels of technology in specialized agricultural ventures if the present economic organization of the rural areas were to be prevalent in the 1980's? Or alternatively, which social processes will make structural changes politically viable and necessary, and to what extent can the surplus income expected from reorganization of agricultural economies be distributed mainly to the working population? To what extent the

marketing system is the principal bottleneck to rural development?

Transnational enterprises as diagnosed by the Work Programme have indeed negative effects on the development of Caribbean agriculture. But due to their longstanding tradition in the region, they have established workable relationships with groups of nationals and most particularly with producers' associations and importers of food products. What does a government need to be able to interfere in these arrangements during the decade to come? The same is true for on-going workable agreements set up by oligopsonistic supermarket systems in their relations with food producers. How can one expect a significant increase in the income of these own account or small producers of foodstuff, if their produce is distributed together with their imported substitutes by the same decision making units? To what extent the low productivity of independent agriculture is due primarily to a lack of technical and financial resources and secondarily to a depleted bargaining power, or inversely? Can a government count on the main consumers of imported food, the civil servants, to implement inductive planning?

The Committee has recognized as fundamental the stimulation of active participation of the rural population in the development process. Recent colonial administration has bequeathed upon the Caribbean cleavages between urban and rural populations very difficult to overcome. The problem of local government and of its acceptable mechanisms is probably one of the most acute bottlenecks in sub-regional social development. In some countries, military occupation of the countryside set up during North American occupations has not been removed completely. In others, bilingualism prevents a two-way dialogue between the élites and the masses. Added to this, discrimination against the peasants and rural wage earners are not totally uprooted from the administrative and legal apparatus.* The unfitness of the majority of the population to fully

* For instance, rural education does not cater for the present needs of this population, for their calendar of activities, their aspirations to social mobility, the distances between the school compounds and dwellings,...

participate in the power structure and their consequent inability to negotiate a better deal are not unrelated to the processes of out-migration, particularly severe in the northern Caribbean and the LDC's.

Quite understandably, the proportion of welfare services imparted to the rural population still reflects these imbalances. How can the governments increase the proportion of their investments in the rural areas when this population is, at its best, indifferent to political and administrative processes? To what extent the rural population can be mobilized for self-help activities, or is it possible to launch self-propelled economic development in this context without granting, at national and sub-regional levels, the status of valid partners to the traditionally discriminated rural folks. In which areas can viable policies be formulated to decrease the depopulation processes and hopefully attract youngsters and much needed technicians and professionals?

The Committee views the development of the industrial sector in the frame of the modifications foreseen in trade relations. The emergence of a specific strata of manufacturers depends on the reconversion of capital invested in trading to fabricating activities, i.e. on the reconversion of traders into industrialists, or it will take place in such activities where trading is less profitable than producing. The correction of external disequilibrium intended by the Committee implies then, at the same time, certain levels of protection and a remarkable, increase in productivity to cushion against the impact of foreign producers.

Since the level of productivity has to be upgraded, beyond the means for vocational training, progress has to be achieved in manpower planning, as well as workers' education in order to protect the level of employment which is presently unsatisfactory. To which level can the absorption of the labour force in the secondary sector be expanded during the next decade? And if the process of industrialization will be subject to modifications in trade patterns, which are known for their high level of returns, to what extent can one expect attractive rates of profits in the industrial sector together with a betterment in the

level of income of the industrial workers and an increase in the total number of such workers? Is industrialization by invitation an alternative to this issue? If it is not, how can its negative effects be controlled?

To the problem of harmonizing, at regional levels, the interests of different groups of local merchants and of negotiating the complementarity of the national industrial capacities is then added the issue of strengthening in each country the bargaining power of the local manufacturers. But local manufacturers and merchants are seldom two distinguishable groups, therefore to what extent protectionism is not incompatible with high productivity? Much stress is put on the productivity of the labour force and particularly, in obtaining from the state the financing for upgrading it. How is it possible to harmonize operations in protected markets with a steady increase in the absorption of more qualified and presumably more expensive labour force? Considering both contexts for industrial and agricultural development, the need for some degree of protectionism as well as the frame so created for the introduction of structural changes in both sectors, how can it be ascertained that the Caribbean societies will reap on the next decade, the fruits of costly investments made in human resources development, instead of simply preparing the surplus of labour force to meet the higher requirements of metropolitan migration offices? Would it not be more profitable to leave the private sector to bear with the onus of upgrading the qualification of the labour force, as it absorbs it?

One obvious structural change which has taken place during the present decade is the expansion in the number of publicly owned enterprises and in the entrepreneurial capacity of the state. The Committee has further requested the preparation of feasibility studies on the setting up of Caribbean multinational enterprises to exploit specific natural resources. How will this development affect social stratification in the countries of the sub-region? Will the traditional traders in the less developed countries, where the state is relatively devoid of entrepreneurial capacity, be able or willing to adapt to this situation, and if not, how will the gap with the MDC's be lessened?

III

Social Sectors and Self-Propelled Development

The setting up of structural relations from which some avenues towards self-propelled development have to be devised is a matter of negotiations between social groups located in different even though inter-connecting spaces. The previous chapters have tried to address themselves to this issue. It would appear that the hold of the import-export trade - and therefore of the traders - on the economic structure does not give too much hope for self-propelled development if the automatic play of market mechanisms is not subject to some kind of political interferences.

Social negotiations consist of long term hidden processes, relatively difficult to monitor and modify. But they take, in the short term, the form of concrete and overt decisions by individuals and/or identifiable decision-making units, which can be registered. Social structural changes have to be introduced through the mediation of this behavioural dimension which embodies the general field of action for sectoral social planning.

The basic dependency inherited from colonial administrations constitutes the frame within and from which social behaviour is evolving and therefore the major obstacle in organizing local resources for a self-sustaining development exercise. The first resources of and prime factor for societal maintenance and progress is obviously the population itself. Demographic censuses in the Caribbean are so recent that one can safely state that the governments do not know, with acceptable approximation, what is available for development planning. Decolonization efforts have just started and their slow pace is linked with this absence of information.

The Committee is aware of this deficiency and has made special mention of the need to grasp the actual levels and trends of demographic variables. While in some Caribbean countries high rates of natality are associated with equally high rates of mortality, in nearly all of them, the urban areas are receiving the best of the human resources originating in the countryside, while former metropolitan countries, individually or as a group, are playing the same role with respect to the sub-region as a whole, by attracting the best from the country. Moreover, some Caribbean countries face a very high population density and others are relatively empty, but endowed with substantial and unexploited resources. The trends of intra-Caribbean migration are oriented towards the member countries with a more complex and advanced economic apparatus, even though these MDC's have to reckon with their own problems of unemployment and income distribution.

One would wish but cannot actually foresee a solution to the demographic issues during the decade to come; but it would appear that the case is made for a sub-regional population policy. Is it possible, during the third development decade, for every Caribbean national to have unequivocal proof of citizenship? How many Caribbean nationals actually live in the Caribbean? How many of them live in Caribbean countries other than their native ones? How many are making a living outside the Caribbean? How many of them have dual nationality? It is understandable that a colonial government could dispense from knowing how many of its subjects live in the metropolitan country, while it would insist on precise statistics related to the export-import of material goods. An independent government striving for self-propelled development has to reverse such a state of affairs and the question is how can the CDCC member countries at least monitor demographic growth and mobilize and orient their relative surplus population towards Caribbean territories. What steps in that direction should be taken during the next decade?

The main characteristic of the Caribbean during the 20th century is the inability to provide full and productive employment to the labour force. The under-utilization of the labour force inherited from colonial times is consistent with the neglect - to say the least - of the population and it is known that labour surpluses have been systematically created through a long series of discriminatory measures. How is it possible to reverse these trends during the next development decade? What discriminatory measures should be eliminated with urgency? Colonial governments have shown nearly an exclusive concern for unlimited supplies of labour, in fact since slavery plantations. The whole structure of the plantation system was based on this policy, while the demands for manpower and the conditions under which Caribbean people had to work were subject to lenient regulations. Depopulation, i.e. out-migration processes, have been triggered under these circumstances, giving way to large movements of re-settlement within and outside the Caribbean, during the renaissance of the plantation system fostered since the turn of the century.

The labour market for a non-qualified labour force has lost long ago its national boundaries and tends to operate within a sub-regional and extra-regional frame. Conditions of transportation to the calling points, legal problems involved in crossing international boundaries, levels of salaries and of living in general, as well as conditions of work of the migrants and most particularly, of the female ones, protection and education of their off-spring, together with their possibility of repatriation, constitute a very serious area of concern.

The internationalization of the Caribbean manpower should deserve some consideration during the 1980's. With the regionalization of trade and the progress in economic integration/cooperation, what are the appropriate steps towards some degree of compatibilization of regional working conditions? What can be done to offer to migrants a decent standard of living and to prevent them from deterring the bargaining power of national workers?

Policies implemented during colonial times, obstructing access of the population to available land resources, depressing rural salaries, preventing collective bargaining of rural wage earners, instituting discriminating taxes and even establishing forced labour for maintenance of roads and other services, have gradually cornered independent farming and limited severely its competitiveness. Relations unknown to classical economic theories have emerged between wage earning activities and various own account ones, resulting in very complex and varied forms of bargaining prices for labour time and provision grounds. With the development of international trade to embrace the import of goods traditionally produced by indigenous agricultural ventures, together with the modernization of internal trade, the income distribution patterns have evolved towards more pronounced cleavages. On the other hand, farming as a principal occupation has lost all attractiveness for the labour force. Occupational multiplicity has become the normal pattern of employment for the rural (and large sectors of the urban) populations. On the other hand, new mechanisms of association have emerged relating modern manufacture and agro-industries to sub-marginal and even archaic forms of production and by-passing the legal frame which regulates labour relations. Within this context, what are the main instruments of income distribution available to governments? What will be the main characteristics of a realistic policy of income distribution for the next decade?

The Committee has endorsed the Regional Plan of Action for the Integration of Women into Development and added to its overall Work Programme projects related to this special strata of the Caribbean population. Neglect for women is not unrelated to the treatment given to the individual, the family and the community life during colonial times. The burden of services the population has been able to secure through its own initiative rests nearly exclusively on women's shoulders: provision of water services, nutrition, child care and education, implementation of hygiene principles, attention to the sick and the old,... mostly all services are rendered by women. This hardship should have increased considerably with the acceleration of long range emigration and the entry of larger numbers of females into the labour market under most unfavourable conditions.

To what extent can the legal apparatus and officially sponsored institutions cater for the specific structure and needs of the Caribbean families and discard imported models and normative prescriptions? How far is it possible to progress in the eradication of a colonial outlook to the family and its main component? What progress should be made in institutionalizing local current practices such as common law marriage? In other words, should the most current - and by far - Caribbean type of mother still beg for recognition and protection during the next decade? Should Caribbean intellectual creativeness be exercised to devise adequate forms of official sanctions to common law practices?

There are two angles in the entry of women into the labour market. The first one is the need for women, most particularly felt among the higher strata, to fully develop their capacity, and which has come to the social awareness only recently. The second one, due to the impoverishment of the working class, dates from the earliest times of Caribbean history. Last developments in this respect are linked to a phenomenon of social pathology of great concern. Pressures on Caribbean women, together with school age children, to enter into the labour market increasing the already uncontrollable labour force surplus have resulted in a deterioration in the general bargaining power of the working class and the results obtained thereof. What progress is expected for the highest strata of women during the next decade? How can it be ensured that the process of integration of women into development will not profit only the urban middle classes? How can it be ensured that those who want and have a right to work will find appropriate occupations? What steps should be taken to avoid that the expansion of the labour market so originated will not disrupt traditional institutions for child up-bringing?

Evidently since the commercial activities are the most lucrative ones and since therefore the sea ports remain unquestionably the most important - if not the only - urban centres, what progress can be made towards decentralization? The government's machinery is still the largest sole employer and the public servants are still in control of the

bulk of the purchasing power in any given country. Can it be foreseen and will it be desirable for the next decade to have some changes in the pattern of urban development based on the reallocation of the different branches of the public service? What other alternatives are there to reverse the drift towards the sea ports?

The different issues raised up to now explain why the problems of monitoring social and economic changes in the Caribbean are quite difficult to solve. The CDCC has acknowledged such difficulty and has called for some progress in socio-economic reporting and planning. Some initiatives have been taken by the Ministries of Planning and Development, while the question of upgrading social and economic research is still a matter of discussion. What consideration should be favoured when one focuses the whole matter of introducing structural changes in a gradual and controllable manner? How can methodologies and techniques produced in the Caribbean be utilized for upgrading socio-economic reporting and planning? What type of relations should be established between researchers and planners? Should the present institutions producing social and economic doctrines and methods be enlarged as a first priority, or should the relations between existing institutions be intensified before planning new expansions?

Congruent with total extroversion fostered by colonial development, social welfare services have evolved in specific geographical areas or in very restricted sectors, but always in a direction consistent with the deepening of outward-oriented activity. The CDCC has noted the serious imbalances between the member states and within the countries themselves. In some contexts, to have access to resources not monopolized by planters and other colonial authorities, such as the Crown itself, the population had to adopt a pattern of scattered and isolated settlements in small valleys, high lands or tropical forests of the interior. In these conditions, the supply of welfare services has to overcome difficulties originating in the very pattern of settlement as well as those deriving from the type of economic organization based on limited self-sufficient

agricultural exploitations. In other milieux, and most particularly in the plantation islands, the impact of legal measures oriented towards the creation of labour surpluses, has left most of the inhabitants totally dependent on such services the colonial authorities deemed necessary to provide, all avenues towards private initiatives being virtually blocked.

In either case, any service referring to the welfare of the population and capable of organizing local resources to meet local needs either was not favoured by any official sponsorship or was non-existent. Housing, water supply, drainage facilities, solid waste disposal, etc., were deficient. Social security, public health services, most particularly protection of family life and child care, nutrition and educational facilities, - everything had to be handed over by the colonial authorities, which had themselves taken the necessary steps to impoverish the population.

In the present circumstances, Caribbean governments are facing the obligation of delivering those services, but still with very little *cooperation from the public*. Voluntary services and self-help schemes do exist but their results are not very encouraging. Moreover, pressure is brought wherever some betterment is introduced in the welfare services and most particularly in those related to the physical environment. Governments cannot keep abreast with the demand for those services nor with the maintenance of already existing ones. Occasionally, international assistance has created some embarrassment precisely because of the difficulty to take over the services launched by external donors. There is therefore a serious problem of sectoral social planning which is to be added to the consideration of a decentralization process referred to earlier.

If the problem of upgrading the delivery of welfare services is correlated to the need for decentralizing governmental administrative machineries, a vicious circle of the most pernicious kind becomes apparent. The handing over of internal government to the local population has been processed in all former colonial (or occupied)

territories by cancelling the discriminatory measures which prevented natives from acceding to high administrative posts or by setting up new administrative machineries. This strategy has had as a side effect the need to disseminate public instruction and to raise the levels of schooling in a direction which will be assessed at a later stage. But it has basically created an urban middle class intimately linked with public and military services, and therefore rooted in the very process of introducing a disequilibrium between the primate city and its hinterland. Therefore the delivery of welfare services appears - in the country where it achieved remarkable success as well as in those where its deficiencies are noteworthy - as a programme of employment for the urban middle class. Its underlying function to absorb white collars and to provide occupations for the recently enlarged intellectual élite is, to say the least, as important as its overt role of satisfying welfare demands. What processes should be put into motion in order to break this vicious circle, and to make of the delivery of services the prime concern of the civil and military bureaucracies?

The CDCC has directed its attention with concern to two social sectors, namely Public Health, and Education and Culture. In the first instance, note is taken of the substantial differences and even extreme situation in the sub-region, and consequently, the possibility of international cooperation. The next decade could witness a Caribbean-wide mobilization to alleviate health conditions in the less developed countries, to monitor and plan for better delivery of the service. What are the obstacles toward self-reliance in this respect?

Within the context of total extroversion of the Caribbean societies which prevailed during colonial times, a cleavage has emerged between the few health services the Caribbean population was able to provide for itself and the delivery of the services by the colonial authorities. Training of medical doctors and other related professionals have been carried out within a pattern consistent with the total dependency of these professionals vis-à-vis the metropolitan countries. The geographical distribution of the health services, together with the emigration outside

the Caribbean of medical doctors and other related professionals, seem to indicate that while the countryside is financing health standards of the capital city, the country as a whole is subventioning health standards of the former metropolitan countries. Is it possible to reverse this process during the decade to come? Will intra-Caribbean technical cooperation not only assist in the betterment of conditions in less developed countries, but also in setting into motion new patterns in the delivery of the service. Where should reform be introduced? How can the sub-region take full profit of investments made in medical school and similar institutions, and how can the delivery of health services be eased through the participation of the population itself to these efforts?

The issue is the same with respect to the general problem of public education whose delivery rests exclusively on actions by private and state owned institutions - with virtually no support from family and community life - and whose dissemination is concomittant with large trends of migration outside the Caribbean. Total dependency of the educational system is being tackled thanks to reforms envisaged in most Caribbean countries. The Committee has stressed the need for quantitative and qualitative improvements. Together with targets to be achieved during the 1980's there is some concern for the production of teaching aids relevant to the Caribbean circumstances. In view of the overall importance of the educational system, is it possible to plan for the achievement of its self-sufficiency during the next ten years?

Besides the set of problems referred to in the previous paragraph, the Committee has expressed concern for the preservation, strengthening and dissemination of Caribbean cultures. The divorce between family and community life on the one hand, and public and professional life on the other, is the case in point. Formal education, since its very inception, is metropolitan oriented. Much

Much more is taught and known of the outer Caribbean than of the inner Caribbean. What links the Caribbean together is dealt with as a vague sentiment of closeness and similarity and concern for local production of norms, values, knowledge and arts are commonly left to spontaneous and short lived initiatives. If a self-propelled effort toward collective development of the sub-region is being launched, what are the main courses of action for mutual knowledge and appreciation? What role should be assigned to the mass media in appraising local resources and local creativeness? Will the media by themselves modify their traditional approach to this industry?

NOTES CONCERNING A POSSIBLE STRATEGY FOR EXTERNAL TRADE
IN THE CARIBBEAN REGION

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NOTES CONCERNING A POSSIBLE STRATEGY FOR EXTERNAL TRADE
IN THE CARIBBEAN REGION

With the conclusion of the treaties, conventions and protocols which make up the legal instrument of the process of economic integration of Caribbean countries, the relative priorities which they assigned to the various economic activities have experienced important changes. Broadly speaking, such priorities are:

- To provide for price stability and improvement, while maximizing the volume of exports of commodities such as sugar, bauxite, coffee, bananas, textiles, etc;
- To defend the balance of payments through diversification of trade commodities, as well as of markets;
- To modify the composition of the imports in accordance with the needs of internal activity, growth and the objectives aimed at with the substitution of imports.

Actually, though the export sector was seen as an element which ought to be dynamic, emphasis was placed on import substitution policies and increasing importance to secondary and tertiary activities, without paying more attention to the export sector and to the design of instruments, mechanisms and policies aimed towards the promotion of an industrial development oriented towards external markets and implicitly addressed towards integration of industry.

In this sense, the necessary condition for the growth of the Caribbean countries' exports would be that the efforts be conceived in accordance with common objectives, agreed priorities and adequate institutions in order to promote and co-ordinate the national policies and programmes. Thus, the proper strategy for the region should establish priorities for expansion and diversification of exports and co-ordination of regional efforts in order to attain concrete results at the Third United Nations Decade for Development. On this basis, international agencies' participation should provide a framework sufficiently well adapted to these countries' circumstances to allow the various governments to define policies, instruments, measures and institutions capable of expanding and diversifying current level of export, while providing at the same time a context for the incorporation of the private sector to such effort.

Within this framework and in concert with Latin American countries, CEPAL, as the regional agency responsible for generating new ideas for economic and social development, must compose a new score, the various tempos of which will converge towards a single main theme: integration of Latin American countries and of Caribbean countries. Thus, in order to maintain a really strong role consistent with the recent changes and to avoid the occurrence of situations like the one in Pirandello's Six Characters in search of an Author or that of the main character in Unamuno's Niebla, CEPAL will have to reformulate its thinking having regard to the different sub-regions of the area, keeping aside, though not obviating, the notions of the New International Economic Order and the concept of collective self-reliance.

In order to attain this integration, international trade exchanges which would not only satisfy the national policies of export diversification, but also take into account sub-regional circumstances and resources, should be promoted. This might involve complementation at the sectoral level and mechanisms, like the pluri-national undertakings which tend to strengthen the bargaining power of the countries involved and to eliminate the dependency caused by the developmental models.

The monetary and financial mechanisms and instruments existing in the sub-region have not proven to be efficient for financing of social and economic development, in general, and of inter-regional trade in particular. It has, therefore, become imperative to review them in order to assess the problems that affect them and their degree of efficiency, with the aim of formulating strategies compatible with the sub-region's development needs.

On the other hand, and on a broader perspective, it also becomes imperative to establish closer links between the financial instruments and mechanisms of the various integration "tempos", starting with the financing not only of trade among the countries, but also of joint projects at the sub-regional and regional levels.

The need to develop closer co-operation among the various regional agencies, in particular the Latin American Economic System (SELA) and CEPAL, should be one of the main objectives to ease participation of the individual countries in joint projects. In this respect, having regard to the relatively limited scope of SELA, it is the responsibility of CEPAL to formulate the policy and the projects, as

well as to supplement through an action committee any implementation efforts made by SELA.

In spite of what has been said, any specific action within a regional strategy for the Caribbean countries will be mainly dependent upon the adherence, support and political will of the governments of the area, as well as the degree of integration between such a strategy and the external trade policy of the Caribbean countries.

The countries considered in this report (which has to be seen as tentative and preliminary, and in no way definitive) are the nations of the Caribbean area, i.e. the ones called least developed. In the case of small nations, their natural resources are obviously more limited than those of a larger country, because of their geographical size. On the other hand, the economic structure of small nations is in general less diverse than that of large nations, so that the external trade tends to be a proportionately more important factor in the economic activity. In other words, the dependence on external trade, and therefore the need to import, are greater for the small Caribbean nations, because the smallness of their economies forces them to look for a compensation through active exchanges with the outside world. This causes a strong dependency, which may be grasped considering the relationship between the external trade (exports and imports) and the national income.

Bearing in mind what has been said, the process of integration in the Caribbean has not been conceived as a move towards isolation of the region from international trade or even towards a broad self-supply of commodities. On the contrary, it must be emphasized that the mutual interaction between the move towards integration and the external trade is provided in the objectives of the Chaguaramas Treaty, article 4. On the other hand, it may be noted that among the main provisions concerning the Caribbean Common Market one may emphasize paragraph (e), relating to the special regime for the less developed countries within the scheme of integration. The special regime may be considered relevant, in as much as the lack of it would have worsened the situation of the countries concerned, since the main benefit from it has been the increase of the national product. To give an example: the special regime provides for the design of a development strategy for the less

developed countries and the reduction of the gap between these countries and those relatively more developed, through the establishment of the Caribbean Investment Corporation, responsible for the promotion of the development of industries in the less developed countries. This ought to be taken into account in any action to be undertaken at the international level.

A question to be weighed relates to the measures that have to be taken in order to allow the region, in particular the less developed countries, to face together the main obstacles raised by the external imbalances.

Action in this context includes, firstly, a common policy to curb imports through the formulation of an overall budget of foreign currency, and therefore the establishment through the relevant monetary and financial mechanisms and instruments of a common external trade policy, which would constitute one of the main, if not the most important point of the strategy. In this regard, account should be taken of the instruments already existing within the region, i.e. the Common Stabilisation Fund, the Caribbean Aid Council, the STABEX, included in the Lome Convention, etc.

Secondly, and no less important, a joint programme of export development would be initiated. The importance of this action will be highlighted if one considers the narrow limits within which the countries of the region must operate in order to reduce their imports, since this requires a dynamic process of self-sustained growth, and their increasing financial needs to face the liabilities accumulated abroad. On the other hand, according to the Annual Reports of the CEPAL Office for the Caribbean, the prospects of the international markets for most of the commodities exported by the Caribbean countries did not seem very attractive. This suggests the need to undertake a special effort to stimulate and promote the export of semi-manufactured and manufactured goods and so called agro-industry products.

For this, it is necessary to undertake an arduous task involving the building up of an awareness of the importance of basically intra-regional exports, without obviating the need for extra-regional exports. Therefore:

In order to design a strategy for the development of exports of semi-manufactured and manufactured goods to third countries, the results of the studies on the supply and demand prospects for the exportable goods, already finished, should be strengthened, taking into account the main obstacles that impede the increase of the level of exports, to the formulation

of proposals concerning the relevant policies, mechanisms, instruments, programmes and institutions which would support a serious effort in this matter. Nevertheless, it must be noted that the success of the strategy for integral development will hinge to a very large extent on the success of the Caribbean countries in overcoming, through joint action, the imbalances of the external sector by means of a considerable increase in the total level of their exports to the rest of the world. It must be recognized, however, that the increase in exports is not the only condition to ensure the success of the integrated development of the countries concerned. In fact, it is also necessary that the promotion of exports be the result of a process of interdependence closely linked to sectoral development strategies. What this implies is that, while at the national level policies aimed at the vertical integration of the economy should be applied, at the regional level the concept of common efforts towards exportation ought to be emphasized since there exist in the area sectors or segments for which marketing would be easier through the union of the common efforts of a whole group of enterprises engaged in the manufacture of similar products.*/-

With respect to the lack of incentive implicit in the economic-institutional framework, it can be stated without hesitation that within the historical context, the integration movement was intended to constitute a sufficient condition for the development and diversification of exports from the area through the establishment of not only a new economic structure but also an expanded market which might have offered the basis for an exporting effort of a different nature to the one which has characterized the traditional evolution of the development of CARICOM. This traditional evolution has resulted in the main benefits of the integration process accruing into the relatively more developed countries. Therefore, the process of economic integration of the countries of the region should initiate a new stage

*/- For further details, see Rivera, Guillermo: Informe sobre las Posibilidades de Crear Empresas Multinacionales en el Area del Caribe (CEPAL/CARIB 78/9).

which might well materialize itself through the formulation of a strategy for the export sectors of those Caribbean countries where such a sector could be created. This would require establishing direct links between selected industries, in particular those dependent on the local natural resources and those for which the regional value added was large, provided that the import requirements of such industries were not too high.

Despite the impossibility to quantify the effects of the obstacles to exportation, it is possible to point out some of the main factors which adversely affect the exportation of semi-manufactured, manufactured and agro-industrial goods:

- a) Very low capacity and motivation to export and a scantily developed export awareness in both the public and the private sectors, resulting in the adoption of few effective measures to stimulate non traditional exports;
- b) Due to the scarcity of the income perceived by the governments, there are few specific stimuli, in the kind of financial, fiscal, rate of exchange and other incentives, to promote the export of goods to third countries;
- c) Inadequate production by the individual firms and insufficient development of sales organizations for external trade, both at the level of the individual firms and at the level of the whole sector, and of specialized mechanisms for joint marketing;
- d) Limited number of commercial export firms, marketing enterprises and other intermediaries, such as freight brokers and shippers experienced in Caribbean exports, which makes it imperative to develop commercial connections. In this regard, governments should authorize the establishment of close links and co-ordination among their national marketing agencies;
- e) Lack, in many sectors, of an adequate physical infrastructure for exportation, in particular for the shipment of perishable goods or commodities requiring a special handling, independently of their high transport cost;
- f) Proportionately high costs, mainly in relation with shipping, due to the limited bargaining power of the governments of the region with the international liner conferences and to the lack of efficient fleets. Also, the high cost and limited availability of air transport for those goods, the export of which has not yet reached a significant level. Action to solve these problems could consist partially of combining at the regional level the national fleet capacities, as far as the extra-regional market was concerned, while on the other hand, in what refers to the intra-regional market, adjusting the timetables, in order to increase the frequency of the shipping

services within the region, and concluding joint agreements between shipping lines. This implies closer co-ordination between NAMUCAR, WISCO, Suriname Navigation Company and other national merchant fleets;

- g) Lack of commercial relations between the Caribbean countries as a whole and countries outside the region. This lack may somehow diminish the commercial opportunities under the generalized tariff preferences within the framework of UNCTAD. An exception has to be made concerning the Lome Agreement. However, the Caribbean countries must act jointly in the negotiations on specific commodities and demand that any preferential treatment granted by them to other ACP countries under the terms of Lome Agreement II be automatically extended to any other Caribbean countries not included in the Convention;
- h) The incipient stage of development of the national institutions responsible for export promotion has not yet permitted the formulation and application of integrated policies and programmes. Consequently, efforts aimed at improving the capacity of the export promotion institutions should be made. On their part, the institutions themselves should promote a programme for the exchange of information in order to create an information network of external trade. This would be important because within the Caribbean region there are sub-groups of countries with matching resources, interests and systems, as well as similar comparative advantages, which, if they were jointly developed, would attain a higher degree of competitiveness at the international market.

So, within the context of the Caribbean countries, the above factors and remarks might constitute the elements of an action plan, i.e. an integrated set of measures to be adopted both by the public and the private sectors. These measures should tend to increase and diversify exports, in terms both of the range of commodities and of the markets aimed at. The joint action of the public and private sectors will therefore have to identify its main objectives and the kinds of mechanisms to be established in order to assign the resources for their attainment and to establish the proper legal control to ensure that the intended goals are reached.

In order to formulate the right strategy for application in the different countries of the area the idea that ought to prevail should be that of considering exportation as a mechanism for the attainment of development goals and linking it consequentially with the other components of the economy. Such integral approach should however take into account

the requirements in terms of imports that it involves, since the expansion and diversification of exports becomes an important and dynamic variable in the model, due to the fact that the exports not only generate the foreign currency needed to satisfy the requirements of the imports, but also constitute a stimulus for increasing the efficiency of the production activities and better utilization of the available resources.

The implementation of any strategy for the promotion of exports must take into account whether at the national and sub-regional levels there exists the will to promote industrial and agro-industrial exports. The existing capacities for co-ordination and implementation of the set of measures aimed at the attainment of the development objectives, as well as for planning should be assessed. In this respect, we consider the use of planning a tool of crucial importance: an indicative kind of programming identifying the goals and objectives to be attained in the medium and long term would be needed at the regional level; at the national level, however, one should apply operational planning to outline the short-term goals and objectives consistent with the regional strategy. And this should be so because it is necessary to further the production and supply of exportable goods at competitive prices and in compliance with international quality standards and other related aspects of export marketing. In this regard, attention should be drawn to the need for establishing a regional instrument for quality control to act as a focal point for the homologous units at the national level.

On the other hand, the Caribbean countries represent just a small region, of little importance, against the rest of the world as far as international trade is concerned. Taken individually, their economic importance is even less. Also, in view of the permanent and progressive substitution of multi-lateral economic relations by bi-lateral relations between countries and groups of countries, the Caribbean States might attain through co-ordination of external policy a stronger bargaining power which could facilitate their access to the international markets.

Indeed, a common external trade policy might well be considered one of the essential elements of an overall regional strategy for exports.

Consequently, it should be necessary:

- To grant the greatest importance at the national and regional levels to the expansion and diversification of the exports of semi-manufactured and manufactured, as well as agro-industrial goods;
- To consolidate the resources and competitive advantages as well as the obstacles for the development of exports of the sub-region;
- To undertake regional studies and research in order to identify continuously new exportable products and the potential requirements of the international markets; this action should be co-ordinated with the need to create a Trade Centre as a regional focal point linked to the national focal sub-points.

In connection with the Caribbean Trade Centre, it may be pointed out that, in general terms, its objectives would include the following:

- To undertake market studies in order to identify the potential for the region's products;
- To establish general quantitative and qualitative export goals, by activities or groups of commodities, for the short, medium and long-term;
- To identify regional priorities concerning the physical, economic and social infrastructure needed for the development of exports of semi-manufactured, manufactured and agro-industrial goods;
- To adopt a standard Caribbean regime of export incentives;
- To adopt a regional convention promoting the establishment of Caribbean multi-national enterprises oriented towards exportation;
- To establish, at the national and regional level, short, medium and long-term programmes for the financing of industrial and/or agro-industrial exports;
- To train personnel for the implementation of the projects; and
- To review and assess regularly the results.

The measures to be taken in order to increase the industrial and agro-industrial exports from the region include inter alia incentives equivalent to the amount of the actual tariff protection, taking account of the requirements of selectivity, the administrative aspects and their character, i.e. direct or indirect.

Indeed, in view of their multiplicity, the incentives for promoting exports must be adapted not only to the characteristics of the various kinds of exportable items, but also to the requirements of the markets and obstacles faced, so that they stimulate the efficiency and productivity of the enterprises as far as the semi-manufactured and manufactured goods, as well as those whose exports have not reached a sufficient volume, are concerned.

These incentives, of a dynamic type, must be gradually adjusted according to the export supply, the markets and the priorities assigned to the production activities. For this reason, the following instruments should be considered:

- 1) The value added regionally to the exportable product by way of manpower, natural resources use and degree of participation of the regional capital;
- 2) The net benefit on the balance of payments, taking into account the imports required for the manufacture of the goods;
- 3) The establishment of links with other production sectors and the service sector;
- 4) The degree to which foreign capital is attracted and the related transfer of technology;
- 5) The effect of taxes and levies on the F.O.B. prices of the goods;
- 6) The idle capacity that could be used;
- 7) The current scale of operations;
- 8) The obstacles created by the lack of export incentives.

It also has to be emphasized that, besides the regional agreements concluded concerning these incentives, any complementary question has to be also harmonized at the regional level and on the basis of a fixed number of instruments, in order to ensure compatibility between the agreements and international commitments already contracted.

Therefore, the programme to be implemented will have to provide encouragement to the exporters at the proposed period without involving new administrative procedures and adjusting to their different conditions and potentials. The private sector should be consulted in relation with the regular assessments.

Other measures would include rationalization of the level of exemption from the payment of import duties for equipment, spares and inputs needed to

streamline the procedures of export-oriented production and rationalization of the tariff policy in order to reduce the margin of activity at the local "captive" market in relation to the existing margins for export to countries outside the area. Thus, the reduction of tariffs according to selective criteria would help to lower the production costs of some items and to stimulate productivity.

On the basis of the CARICOM treaty, it is important that the incentives be uniform and adapted to the Caribbean level, since the instruments of regional integration do not prevent the re-exportation of the goods and a large part of the export-oriented production may satisfy the rules of origin required for intra-regional trade. Therefore, a regional approach is needed not only to determine the type of incentives, but also to establish them taking into account both the specific objectives of the overall strategy and the development programmes, institutions and mechanisms influencing the export efforts, considering:

- the additional administrative costs which will be incurred by the States and regional agencies;
- the monetary and fiscal income that will not be perceived by the States;
- the opportunity costs for the resources assigned to the exportation sector;
- the cost for the community of a potential deterioration of income distribution resulting from the implementation of the incentive system;
- the potential inflationary impact of the related disbursements, the possibility of limitation of the internal supply and the likely rise of the prices of imported goods.

The direct incentives are those which reduce the costs and induce an increase in activity. According to their type, they may involve tariff, fiscal, credit, monetary and foreign exchange measures. In view of the situation prevailing in the area - one of insufficiency of the fiscal income - it might be necessary to consider the following direct incentives:

- a) Duty free entry of raw materials, intermediate goods, equipment and spares, intended for export-oriented activities. This may be done in various ways: by later reimbursement of customs duties previously paid;

through "replenishment" or "compensatory importation" of exported inputs; by means of the temporary admission of the imported inputs used in the manufacture of items for export - which involves the prior enactment of legislation to control the operations -; or through the reduction or exemption of the indirect or direct taxes which might influence the cost of exported manufactures;

- b) The type of credits and the investment programme for export-linked activities (with the comparatively more developed countries making larger contributions to a potential special fund), including more flexible conditions for the granting of commercial credit;
- c) The Caribbean countries should establish a special fund for the financing of production and marketing of export-oriented semi-manufactured and manufactured goods, providing lower interest rates and longer terms;
- d) Accelerated depreciation of the equipment used in production geared to the international market;
- e) To create at the regional level an export-credit insurance to facilitate the exporter capacity to contract debts, which would substitute the "confirmed letter of credit". This will require establishing links among the insurance companies of the various governments of the region;
- f) Regimes for the exportation of commodities on consignment, as they would facilitate the export of commodities and allow the exportation of certain goods otherwise difficult to dispose of;
- g) Promotional rates for those items whose exportation requires stimulation.

As for the indirect incentives, which include physical and social infrastructure, commercial policy and legislation, and information and research services, the following should be considered:

- 1) Adoption of indirect incentives concerning the negotiation of industrial complementation agreements, free trade agreements, preferential tariff treatment and tariff concessions. In this respect, the governments of the Caribbean countries should negotiate collectively in order to get larger benefits from the GATT - type multi-lateral negotiations;
- 2) Participation in fairs and collective missions in order to enter into new markets;
- 3) Improvement of transport, loading and storage facilities;
- 4) Establishment of industrial parks associated with duty free areas co-ordinated at the regional level;
- 5) Joint technology research; and
- 6) Rewards and awards to companies.

As a special case we will refer to the West Indies Associated States. With regard to them, it may be stated that the economic-institutional system created by the integration movement has played an unfavourable role. Therefore, the adoption of a strategy on the basis of the resources available to these States must be defined and explicitly oriented towards the promotion and diversification of exports in order to induce the changes that, otherwise, would not emerge spontaneously, due in part, to the size and nature of the resources needed for development. The validity of what has been said grows stronger when it is noted that, like other developing countries, the Caribbean countries are empirically characterized by economic policies oriented mainly towards the creation of a protected market and the promotion of import substitution, increasingly dynamic. This would affect in a certain degree any strategy for exportation due to the following factors:

- the comparative importance assigned to import substitution as an industrialization process within the overall strategy for development;
- the instruments employed by the public sector to provide orientation for private enterprise activities;
- the criteria applied to assign resources and use them for productive or infrastructural investments; and
- the agencies responsible for conceiving and implementing both the criteria and the instruments of development policy.

In the same context and in view of the similarity, as far as production is concerned, among the countries of the West Indies Associated States, it would be useful to undertake a joint effort aimed not only at the development of exports, but also at the promotion of programmes for the replacement of imports through internal production, in addition to the substitution process, as well as at the solution of the problems faced by these States, problems which are common to the countries of the area. This is made even more evident by the degree of interdependence that an integration movement must attain. Furthermore, it may be pointed out that an integration process aimed at building up an economic union must organize its basis on the co-ordination of the national policies for the development of exports and on the joint action in fields

which, like this one, are closely linked to the agricultural, industrial and economic development of the area in general. Therefore, it becomes imperative to activate explicitly such sections of the agreement on the Eastern Caribbean Common Market (ECCM) as are related to the subject with which we have been concerned, in order to attain the objectives pursued.

Taking into account the aforementioned and bearing in mind the limited - almost inexistent - manufacturing activity of the West Indies Associated States, it might be expected that the reactivation of its Common Market Agreement would promote the creation of a manufacturing sector based on the import requirements for the manufacture of the commodities, as well as an industrial development oriented to taking advantage not only of the internal market, through the replacement and substitution of imports, but also of the market created as a result of the economic integration agreements, without sidestepping with such process the international opportunities for semi-manufactured and manufactured goods wherever the requirements of the world market be particularly competitive.

THE CARIBBEAN
AND
THE DECADE OF THE 80'S

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A setting of conflict

The decade of the 80's will see the intensification of a struggle in the Caribbean that will very largely determine whether these small economies will emerge to an acceptable measure of economic independence and self-determination, or whether they will remain the wards and vassals of metropolitan powers.

The struggle, which already has been gaining in intensity, will revolve around the single issue of the extent to which these countries can choose their own path for their social and economic organization, or have to accept the external models that continue to be imposed on them.

The majority of the Caribbean countries are in the situation that exploitation of their best natural resources are controlled from the outside, and large important sections of their economic apparatus are owned and controlled by external interests. Minerals, agriculture, industry, also trade -- almost all the financial infrastructure, and in some cases even significant public utilities, have been largely outside the ownership and control of their peoples and governments. This has negated the effectiveness of the processes of planning and decision-making.

The real irony consists in the internationally imposed pressures dictating the maintenance of value and living patterns beyond the current capacity of the peoples and the natural resources of these countries. The local efforts to restructure the economies and to bring concordance between the internal resources and the value patterns of the people lay at the centre of the struggle. Further, declared policies to achieve control of their economies has stimulated reaction, which is at its greatest against measures directed towards more egalitarian distribution of wealth.

In the Caribbean can be found the widest spectrum of shades of political and economic organization, from traditional colonial status through to centrally planned government. Against this background there can be no doubting that the progressive emergence to independence of the West Indies Associated States will attract a stepping-up of political activity by some metro-

politan countries. Negotiations around the accession to Statehood of the Netherlands Antilles, the Belize negotiations, the independence issue for Puerto Rico, the nascent independence movements in the French Departments, and the accommodation that the great powers are prepared to give such aspirations, cannot fail to be affected by the paths chosen by the newly independent States.

No great perception is required to see the emerging pattern of polarization, and efforts towards the creation in the Eastern Caribbean of a "show-window" to counterbalance the "Cuban influence." In this situation the Caribbean becomes merely the battleground, and the choices of the Caribbean peoples themselves become matters of secondary (perhaps even tertiary) importance.

It is beneath the trampling of the giants that the Caribbean peoples have to forge their path towards co-operation and co-ordination. The obstacles are enormous, for it has to be done in the face of a new phase of balkanization, where the external influences are emphasizing the differences between the countries and giving denial to the commonalities among the countries that make them as a group a unique entity.

It remains to be seen whether the acquired Caribbean ability for being politely courteous, while ignoring as far as possible imposed solutions and situations, will be strong enough to withstand the pressures, and give them sufficient elbow room to advance their cause of co-operation and the articulation of the Caribbean identity.

The Socio-political scene

In large part most Caribbean countries are still enchained in relics of the social structure born of the plantation system, in which the symbols and the traits of some ethnic groups have been devalued and primacy is given to European values. The developments in the last two decades have put much pressure on that structure, but in most of the countries the people seem to prefer to remain with the known evil rather than move to uncertain alternatives. This parboiled state of national identity will continue to be just this until adjustments are made in the societies in bold social and economic terms.

It seems hardly necessary to recount the long tale of exploitation for external interests that constitute the history of the Caribbean. The gradual decline in the plantation system left a society structured round rich families whose privileges were never questioned. They continued to profit from their investments ploughing little back into the economies - keeping the bulk of their cash abroad - and often eventually migrating to the metropolitan centres. With the pressure for egalitarianism under the awakening of social and cultural consciousness, this pattern of movement has been more pronounced, to include even some who did not have the wealth but only the aspirations.

The legacy of colonialism clearly seen in the extreme maldistribution of land and wealth, represents a central problem which must be moderated if these economies are to survive. Alongside conspicuous wealth are some 80% of the common labourers who are unskilled, earning \$20 a week when they do get work.^{1/} Add to this the permanently under-employed and the unemployed, and what emerges is a socio-political situation that is a headache for a young nation. Wage differentials are probably among the most alarming in the world. Those with some profession or skill can receive as much as a hundred times more than the unskilled. It is in this setting that the Caribbean governments are faced with instituting programmes to absorb some of the unemployed labour force - but with inflation and recession, and few sources of revenue, such programmes will remain stymied for some time to come.

Many minority groups are beginning to show a bold rejection of the old established mores, and consequently are seen as deviants from the old "inviolable" norms. They are in their way a barometer of social and economic pressures in the society, chiefly among the segment of the population which has long nurtured a feeling of having been wronged and deprived. The continuation of a state of economic want and social humiliation reinforce their "moral" position.

They are aware of their role as a movement for change.

The social and cultural schizophrenia where the foreign patterns and values stand side by side with the basic realities of life, accentuates the significance of such minority movements as instruments of social change. Consequently, the Caribbean societies are undergoing dramatic social changes,

^{1/} This substantially understates the case in some of the islands.

many indirectly brought about by the challenge of oppressed groups to the lifestyle that once existed.

For the first time in most of these economies there is a conscious indigenous attempt to grapple with the problems of the underprivileged majority in such things as land reform, education, housing, medical care and even equitable justice. It is unavoidable that such a process towards social transformation must harness the traditional grass-roots elements in its cultural milieu.^{2/} When sufficiently grounded the power of such groups to challenge the status quo often triggers a negative response from the privileged groups in the society. If there is over-reaction, the privileged groups will find they have created a climate of growth and acceptance for the movement from the depressed group.

As with all change there is dislocation, and in this chaos emerge the people who have always been denied a share in the wealth and who are determined to get a piece of the pie by any possible means. Within this framework "socialists" of many shades emerge, all offering their solution to redress the serious imbalances. But in the circumstances of the Caribbean countries anything short of breaking the control of transnationals and dislodging inherited prerequisites of the privileged will be merely a salve to a deep wound.

Therein lies the frustration. If there is an emerging Caribbean ideology it would have to be defined in terms that those who had the privilege of amassing wealth at the expense of the majority who are poor, must now see that a portion of this wealth is utilised in lifting the economic levels of the "have nots". The alternative if this is not achieved will be increasingly larger social conflicts.

It is useless to state that this kind of philosophy is not popular to the holders of substantial wealth. But present trends towards equity of opportunities need the support of the enlightened elite if the disagreeable situations that accompany all social change is to be minimised.

^{2/} It is a truism that great social developments are not always made in the halls or parliaments or in the citadels of learning. These institutions merely react to the dreams of the creative masses.

No simple answer is likely to emerge out of the textured complexities that characterize the Caribbean. But in examining the situation it will be useful to dissolve the current image of sandy sunlit playpens for the affluent from the North Atlantic, and bring into sharp focus the predicament of resourceful but frustrated groups of people who are determined to break the protracted melody of poverty and an imposed self-doubt. So long as the underlying social and economic problems remain, so will the potential for those frustrations to grow.

Up to now the activities of the developed nations in the Caribbean are directed towards maintaining the status quo. Their misreading of the internal situation, or their unconcern, can result only in plunging these small nations into deeper social and economic turmoil.

The Caribbean societies have a strong predisposition to a spirit of moderation in handling their political affairs. Closely associated with this is the strong pragmatism in the leadership of most political parties. Paralleled with this political practicality one finds that a distrust of ideas and ideology has been a dominant feature in some major wings of Caribbean politics. With this goes a corresponding preference for institutions which work, over and above those prescribed; and an almost exaggerated respect for the intuitive approach in national decision-taking. In short for many "theory must follow fact", and not vice-versa.

Should the forces for social change succeed and a "steady state" come into being where all the citizens are seen as equally meaningful to the future of the Caribbean States, then the repressed energies that go into "movements" could be loosed into creative channels. The central point for Caribbean peoples is to accept what they have, and to build their future with it. In the last analysis no one can do for the Caribbean except the Caribbean peoples themselves. Equally, the Caribbean peoples cannot indefinitely maintain values and consumption patterns that the resources of their countries cannot support.

External realities

It is not by accident that the Caribbean countries have arrived at a situation where there is marked disparity between their consumption patterns and their resources endowment. Their original emergence as plantation

economies that were merely extensions of the economies of the related metropolitan countries, meant that focus was put on producing and exporting the goods that were required abroad, while the Caribbean was supplied from abroad for their consumption needs. There was no great emphasis on indigenous production for local consumption. And in the trade exchanges they have been continually in a disadvantaged position as the result of the relationship of the prices they get for their exports as against the prices they must pay for imports. In addition, the progressive changes in manufacturing and consumption patterns in the metropolitan countries nurtured imitative consumption in the Caribbean, and progressively widened the gap between consumption patterns and resources endowments.

One result, in sharp contrast to the countries on the Latin American continent, is that the Caribbean countries have been forced to give much greater primacy to trade matters, and to efforts to maintain specially favourable arrangements with metropolitan trading partners. Participation of most Caribbean countries in the Lomé Convention which regulates their relations with the EEC is a case in point. In fact the traditional metropolitan linkages are reflected in this relationship.

But even more significant, the urgent need to emerge from beneath the feet of the giants and to be able as sovereign states to chart their own paths, has forced the Caribbean countries to seek independent support, mainly through the opportunities that are offered by multilateral relations. In the case of Lomé, they participate within the ACP group; and further afield they all seek some definite relationship with the Group of Non-aligned countries. Irrespective of political coloration, the Caribbean countries seek a self-determined path. There is no Caribbean country that has not at some time in its policy statements, declared its desire to be left aside from the political controversies of the large countries. Consequently, the concept of non-alignment has strong Caribbean support, and the majority of the countries participate either as members or as observers of that group.

This need is not felt so acutely by the countries on the Latin American continent, primarily because they have not been so cruelly exposed to the games that big countries play with little ones. It is no exaggeration to say that the Caribbean countries have achieved some measure of leadership in that Group, and that this external accordance will be a factor in the activities of

the metropolitan countries in the Caribbean in early years of the Decade.

While it is true that already the Caribbean presents the greatest concentration of small independent states anywhere in the world, it is also true that they have been more exposed to the dominance of other countries than any other single group. In previous centuries they were prizes for which imperial powers fought. In this century they have been occupied and manipulated. Their small size and their political weakness compel them to seek alternative means to achieve some measure of effective self-determination.

On issues where they stand together as a bloc, they have been able to influence the outcome in international fora; and there is every reason to expect this to be more pronounced as the number of independent Caribbean states increase. But perhaps even more important than their number is the extent to which they span a range of cultures, giving them a facility to communicate with Europeans, Africans and Asians, and so make them a potent factor in those fora. The multiplicity of cultures that can be traced in the Caribbean, is at the same time a weakness and a strength.

It is notable that the matters on which their common external policies are focused have a direct relationship to their own experience. At the UN level, colonialism, apartheid, sovereignty over natural resources, special measures for developing countries, and changing the rules of the international economic game, are issues on which they share a common view and assign a high importance that derives from their own situation. It is also notable that it is in the financial institutions, (the World Bank and the International Monetary Fund) that they are at their weakest, with their voting strength dissipated over various groups, rather than acting together, largely due to old metropolitan linkages.

The urgent need to achieve some restructuring of their economies has stimulated participation in most of the multilateral mechanisms that deal in one way or another with developmental issues. The great necessity is to offset some of the old bilateral relations with more multilateral ones. Consequently, action through special mechanisms like the Caribbean Community, the Caribbean Development Bank and even the Caribbean Group for Cooperation in Economic Development at the World Bank was hoped to be means of placing some buffers between the donors and the Caribbean countries. The fact, however, is that this strategy has not markedly succeeded, because the bilateral

relations continue to be imposed even through the fabric of these groupings.

The more ambitious objectives for closer relationships among the Caribbean countries themselves, whether bilateral or multilateral, through such mechanisms as the Caribbean Development and Co-operation Committee within the UN umbrella, is therefore in direct confrontation with the desires of the metropolitan countries. And ironically, in their efforts to manipulate the Caribbean countries they, perhaps unknowingly, arrest the process of change and stimulate the process of social and economic erosion.

At the level of Latin American regional institutions much attention has been drawn to their "Caribbeanization" as the number of small independent Caribbean States has increased, giving them relatively greater voting strength. But this very factor has stimulated the counter-reaction to keep them apart and to minimize their effect on the traditional policies. A common situation is that Caribbean countries find themselves categorized even before they have stated their choice of option; and often after the choice is stated it is circumvented. Further, these countries find that they have inherited some external problems of metropolitan countries for which they must find solutions to ensure their own integrity. Within the OAS for example, arise issues of claims to territorial rights, which were inherited at independence, and which in one case acts as a limit on participation in the institution, in another case is the cause of delay of independence.

From the economic standpoint, the Caribbean countries suffer some disabilities which do not appear to have been fully perceived by various institutions, for which one example may suffice. These countries have traditional production structures which were based on a narrow range of products, and which have changed little despite efforts to diversify and modernize the economies and to develop manufactures. These processes, however, depend very much on imported inputs. The maintenance even of the levels of manufacturing depends in large part on export earnings from primary products. Deterioration in the terms of trade therefore directly reduces the capacity for production.

Aside from such structural problems there are current ones for which the Caribbean countries have no near solutions. Described as open economies, their condition from year to year is determined as much by events abroad as by the efforts of their own peoples. International monetary disequilibrium,

inflation, recession are all directly reflected in the current performance of these countries, for there are no cushions against those external factors. The impact of fuel prices has been so enormous that many Caribbean countries now find as much as one-third of their earnings from exports disbursed on this single item. This immediately restricts the amount that is left from purchase of inputs for the production sectors and for food imports.

The net result is that they face serious balance-of-payments problems, which in the circumstances cannot be regarded as temporary. In fact the panorama for the decade is one of serious balance-of-payments deficits, worsening with every increase in fuel prices. It is in this context that one must view the efforts to seek amelioration of the situation by obtaining financing for balance-of-payments support through international arrangements like the CGCED and the IMF. And yet it is in just such areas that the clash between traditional orthodoxy and dynamic change seems to lack a suitable resolution.

But these various aspects cannot be viewed in isolation from the interests of the metropolitan countries. It should not be forgotten that the Caribbean continues to be an important source of primary products for the North Atlantic countries, particularly in minerals. Neither should it be forgotten that foreign militarists continue to view the Caribbean as a strategic area for their own purposes and designs.

All these complexities put the Caribbean countries in the unenviable position, that the internal forces for change confront external pressures resistant to change, and face them with the grave dilemma of sustaining a system that they can ill afford. Fundamental social transformation and improving the quality of life for the majority of Caribbean peoples is the issue for the 80's. And the margin the Caribbean governments have for manoeuvre is extremely slim - very slim - indeed.

Summing up

Nothing can be gained by ignoring the realities that have been summarized in these pages. Internally all the countries will have to cope with the dynamics of social change. Their efforts to reorient patterns within their economies will have to be achieved in the face of structural deficiencies, persistent payments problems, international economic

conditions which affect them and which they cannot influence, reactions to social and economic change, and external pressures that limit their possibilities for co-operation.

The outcome will depend on the extent to which the priorities of the Caribbean peoples themselves can be pursued.

