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Foreword

Caribbean Development Report is a new, refereed journal by the Economic Commission for Latin America and the Caribbean (ECLAC) Subregional Headquarters for the Caribbean. The basic objective of this journal is to publish articles that provide a biennial assessment of the most salient aspects of social-economic development in the Caribbean. It is intended that the highlighted issues would be used as a basis for the countries to respond collectively and collaboratively to specific development challenges.

The framework of the Report can be found in the ECLAC mandate to monitor and report on the implementation of major United Nations global summits on social development and to support Caribbean governments in their efforts to achieve the Millennium Development Goals.

Caribbean Development Report, Volume I, 2007, is our inaugural edition with abstracts. This will be a regular feature in all future editions. The issue contains 13 diverse but, nevertheless, interrelated articles that draw on policy ideas and practical insights on contemporary social and economic development issues in the Caribbean. We therefore wish to commend it to policy makers in the region and to members of the general public who are concerned with integration and cooperation, and those that seek to influence the formulation and execution of social and economic policies and programmes in the subregion.

The journal welcomes contributions from the academic community, policy makers and staff members of research institutions and international organizations. Guidelines for contributors are given at the end of this issue.

Informal economy and informal citizenship: Exploring causation and connectivity in socio-politico shifts in Jamaica¹

Eris D. Schoburgh

Abstract

For the past two decades, there has been an observed shift in how the Jamaican populace responds to institutions of the state. A political culture, generally characterized by large degrees of acquiescence and a greater sense of loyalty to the state has been replaced at one level, by more social and political activism evidenced in a constant agitation ‘to know’ or to be informed and at another, greater suspicion of governmental actions. The body politic exhibits an enhanced sense of independence bearing credence to the view that the state has lost control. Moreover, socio-political relations do not precipitate towards a collective consciousness of a national vision as the basis of governmental actions or decisions but instead assume a confrontational overtone, resulting in general disconnect between society and politics. This paper argues that the socio-politico transformation in citizens’ attitude and behaviour coincides with the expansion of the informal economy which has its genesis in adjustments occurring in economic relations within the state but which has had significant impact on socio-politico relations. It further proposes that the social relations of the informal economy have spawned an *informal citizenship* which ‘status’, although finds analytic resonance in post-modern socio-political processes, implicates how issues of identity and social placement are contemplated. The paper employs two social problems – informal settlements/‘squatting’ and alternative community leadership/‘Area Dons’ to support this proposition.

¹ I acknowledge the support of the Centre for Caribbean Studies, University of Warwick which through its Visiting Research Fellowship Award facilitated work on this theme in the United Kingdom; as well as the assistance of Deneal Walters of the Human Resource Management Division, UWI, Mona.

The setting

Jamaica is among the three largest islands in the Caribbean (Cuba and the Dominican Republic being the first and second, respectively) with an area of 11,420 square kilometers and an estimated population size of 2.6 million even with a declining demographic rate which stood at 0.6% in 2001. A little less than half of the island's population (40%) resides in rural areas but which might change given the rapid rate of urbanization that is occurring. The majority of Jamaicans (90%) is of African descent with the remaining 10% spread unevenly across ethnic groups such as Indian, Chinese, Syrian and Caucasian.

Having once been a colony of Britain, Jamaica's political and constitutional forms show much affinity to Westminster-Whitehall model of government but the practice of the derivative model diverts significantly from its origins (see e.g. Mills 1997; Ryan 1999). The two major political parties, the People's National Party (PNP) and the Jamaica Labour Party (JLP) are outgrowths of mass social movements of the 1930s and have thus helped to shape the course of political and economic development of the island as well as influence a particular political culture. The latter point is illustrated by the inability of third parties to gain adequate political traction to challenge the hegemony of the PNP and the JLP. The JLP has the distinction of being the party that formed the government at independence in 1962. However since the granting of adult suffrage in 1944, both parties have alternated in forming the government with the PNP achieving the status of the most successful at winning elections and has since 1989 broken the pattern of party alternance as government and providing Jamaica with its first female Prime Minister, Portia Simpson Miller. Elections are due in 2007 and from all indications will be a 'battle royale' given that the JLP, presently in Opposition has also had a leadership change with Bruce Golding replacing Edward Seaga in 2006.

The pattern of economic development from 1950 to the present mirrors the ideas prevalent in development discourses of the period. Positive growth rates, averaging 5.7% was experienced between 1961 and 1972, but since then have been disappointing, hovering around 1% for the last decade. The 1970s are crucial for comprehending the present state of the Jamaican economy and benchmark programmes of economic restructuring initiated by the International Monetary Fund's (IMF) Standby Agreement of 1977 (Witter and Anderson, 1991) and followed by the World Bank technical assistance programmes which together with other bilateral arrangements evolved into constant monitoring of the economy well into the 1990s. Economic restructuring has been in line with neo-liberal ideas and although yielded positive outcomes on the fiscal side had counterbalancing effects in the high social costs (see for example Henry-Lee 2001) that were imposed on the population. In contention too, was the financial meltdown of 1995 that not only impacted negatively on fiscal targets leading to a high debt-servicing ratio, but has a positive correlation with the expansion of the informal economy due to the contraction of state resources and the associated interruption in stable and formal employment of a significant number of persons.

The preceding issues form the backdrop to the subject of this paper but have appeared as comprehensive analyses of macro-economic performance in for example, Bernal and Leslie (1999) and King (2000), as well as in studies focused on social issues such as poverty (see for example, Danielson 1998; King and Handa 2000; Henry-Lee 2001). Although macro-economic performance of the country is an important point of reference for an examination of the dynamics of the informal economy it is not necessarily the defining variable. The motivational source, value systems and world view of participating agents of the informal economy are important considerations. The central problematic of the paper is the nature of the social relations of the informal economy and how it shapes social membership as well as the structural weaknesses that attend modernization of post-colonial states. Specifically for the past two decades, there has been an observed shift in how the Jamaican populace responds to institutions of the state. A political culture, generally characterized by a high degree of acquiescence and a greater sense of loyalty to the state has been replaced at one level, by higher degrees of social and political activism and at another, greater suspicion of governmental

decisions and actions. The body politic exhibits an enhanced sense of independence bearing credence to a view that the state has lost control. Moreover, socio-political relations do not precipitate towards a collective consciousness of a national vision as the basis of governmental decisions or actions but instead assume a confrontational overtone, resulting in a general disconnect between society and politics. This new orientation in citizens' attitude and behaviour coincides with the expansion of the informal economy which has its genesis in the adjustments occurring in economic relations within the state but which has had significant impact on socio-political relations. The paper further proposes that the social relations of the informal economy have spawned an *informal citizenship* which 'status', although finds analytic resonance in post-modern socio-political processes, implicates how issues of identity and social placement are contemplated.

This proposition is developed in sequential arguments that appear in 4 sections: Section 1 explores the conceptual underpinnings and empirical explanations of the informal economy. Section 2 discusses two manifestations of informalisation in Jamaica and serves as the basis for an analytic examination of the social relations of informality in section 3. Section 4 coheres these arguments around the central claim of a positive relationship between the informal economy and informal citizenship.

The informal economy: Interpretations, causes and constitutive elements

What has transmogrified into the notion of an informal economy had its conceptual beginnings in three socio-economic forces. First was the structure of economies of post-colonial states during the 1950s and 1960s in which rural depopulation and resultant urban growth gave rise to a spate of small-scale activities for those who were unable to find employment in the modern sector. For some time these rural migrants and their urban counterparts were described by neoclassical economists as 'unemployed' or 'service workers' while at others they were a euphemism for poverty. However, this period in many post-colonial states was not one in which there was full or secured employment from which an individual would necessarily become unemployed (see e.g. Jefferson 1972). Moreover the character of the economies was such that the activities in which persons obtained a livelihood ranged between structured regular employment and total inactivity making the notion of 'unemployed' meaningless. Similarly the term 'service sector workers' merely served as a catchall for all those persons who did not fit into the employment statistics of the industrial or agricultural sectors and thus the term did not capture the socio-economic complexities of these states.

Development thinking of the period was influenced by modernization theory, the overarching assumption of which is that with the right mix of economic policies and resources, poor traditional economies could be transformed into modern ones. This perspective rode on the success of the Marshall Plan that was used to reconstruct Europe and Japan after the second world war and which had phenomenal success in North America. However the prospects for economic growth in developing countries became dim in the face of persistent and widespread unemployment. The concomitant growth of heterogeneous petty traders and casual labour confounded the projections of modernization theory and spawned a debate among development scholars around whether the sector was a catchment area for low level productive activity and earnings or whether it was a source of innovation and creative production that provided a fairly decent standard of living for the participants/agents.

Not surprisingly the 1972 Report of the International Labour Organisation on Kenya, which resulted from the first of its employment fact-finding missions to developing countries, employed the concept of the *informal sector*, used previously by Keith Hart (1971) to describe employment structures occurring in developing countries, and evident specifically in Kenya. The report (ILO, 1972) noted the expansion of the traditional sector to "include profitable and efficient enterprises as well as marginal activities" (cited in ILO 2002: 10) echoing the double conceptualization of the phenomenon. The ILO Report (1972) used seven criteria to distinguish the sector: ease of entry,

unregulated and competitive markets, reliance on indigenous resources, family ownership of enterprises, small scale of operation, labour intensive and adapted technology, and skills acquired outside of the formal school system (Charmes, 1990:13). At this stage the tendency was for analysts to define the *informal sector* in terms of employment relations.

Second are the structural adjustment policies which had their consequences in contracting economies evident in closure or downsizing of private firms or public enterprises. Outside of migration, retrenched workers had little alternative but to turn to the informal sector for economic survival. The contradiction is that the deficit in public service provision caused by economic restructuring was in some instances filled by the informal sector. Thus structural adjustment policies had an unintended consequence of an expansion of the informal sector in countries where these policies were implemented. Third concerns a broader process of informalisation of economies driven by the decentralist shift in patterns of capitalist development and which began to take shape in developed countries of North America and Europe at the start of the 1980s. It had debilitating effects on production in that standard jobs were made non-standard with few benefits or none at all (ILO 2002:10). Riding on the wave of globalisation decentralization was introduced into developing countries which, either through policy dialogue or imposed conditionality, had to accede to policy directives that emphasised competitiveness of markets and products. The impact of these policy directives can be seen from two angles - on the supply side transnational corporations had increased leverage in moving from one country to another in search of lower costs; on the demand side consumerism was heightened. How developing countries responded to these types of economic insurgencies varied with their capacities. Clearly the poorer the country the higher the costs evidenced by the fact that producers who have been unable to seize new market opportunities either exited the market or increased the numbers that went into the informal economy (Turner and Hulme, 1997:226-235).

The concept of the informal sector was revisited in the development discourses of the period on the basis that employment relations did not capture in totality the socio-economic significance of this phenomenon. To say that anyone that was not formally employed was by feat included in the informal sector was simplistic and did not reflect the dynamics of the socio-economic relations within these economies. Importantly, employment relations proved to be an unreliable variable in the calculation of Gross Domestic Product (GDP). As a consequence *production units* or *enterprises* emerged as the defining elements and thus in 1993 the International Conference on Labour Statisticians (ICLS) defined the informal sector as:

...all unregistered or unincorporated enterprises below a certain size, including, micro-enterprises owned by informal employers who hire one or more employees on a continuing basis; and own-account operations owned by individuals who may employ contributing family workers and employees on an occasional basis (ILO 2002:11).

The concept continues to evolve in tandem with its empirical character. More recently the *informal economy* has replaced the *informal sector* in development discourses in order to account for the whole range of informality – both enterprise and employment relations – manifesting in industrialized, transition and developing economies. But scholarship is yet to settle on a definitive meaning. Generally the informal economy refers to production that occurs outside of visible, formal organizations, subjected to the laws and policies of the state (Harrod 1987:122; ILO 2002; Portes and Haller 2005:405-406). Care is taken to distinguish it from the criminal economy which deals in illegal goods and services, and the reproductive or care economy which is considered to be outside of the market economy (see e.g. ILO 2002). Such a distinction camouflages what the international development community suspects and what domestic policy officials might know, that it is virtually impossible to prevent activities in the criminal economy from infiltrating those in the informal economy. Moreover there is in actuality no ‘pure’ informal economy, a fact further complicated by a high level of segmentation in the productive activities undertaken in this sector as well as the blurring of the boundaries between the formal and informal spheres. The ILO admits that “production or employment arrangements in the informal economy are often semi-legal or illegal” (ILO 2002:12). In truth this phenomenon is a complex of socio-economic forces and behaviour which fall on a continuum where regulated and visible, and unregulated

and invisible activities are at opposite ends. The contribution of the informal economy to GDP is not definitive although there is recognition of the value of informal enterprises to non-agricultural GDP. It is therefore expedient for policymakers to make the distinction between the informal economy and the criminal economy if not empirically unjustifiable.

Definitional ambiguities will not deter this analysis and as a consequence the absence of regulation will be the definitive context in which argumentation will proceed, making Castells and Portes' (1989) conceptualization of the informal economy to be *apropos*. According to them it is “not an individual condition but a process of income-generation characterized by one central feature: it is unregulated by the institutions of society, in a legal and social environment in which similar activities are regulated (p.12). The economic goal of informal activities have evolved three functional typologies that in reality are not discrete activities but which help to clarify aspects of the social relations inherent in them: (a) *survival* exemplified by street vending or informal settlements; (b) *dependent exploitation* seen in instances of working off the books; and (c) *networks of micro-producers*, the most referenced example of which is the case of Southern Italy (Portes Castells and Benton 1989; Portes and Haller 2005). All are outside the pale of state regulation and ergo where there is a shift in the institutional parameters of regulating these activities there is a corresponding shift in the boundaries of the formal-informal relationship.

Investigations into the informal economy in Jamaica have mirrored international trends in that the main concern is with estimating size and identifying factors that aid its development (see, e.g. Tokman and Klein 1996; Anderson 1996; Witter and Kirton, 1990). Uncertainty about its boundaries in Jamaica has resulted in concentration on small and micro-enterprises (SMEs). The 2004 Inter-American Development Bank (IDB) – sponsored study categorized activities in the informal economy in Jamaica into 3 types:

- i) “pure” tax evasion, that is, failure to report “earnings from perfectly legal activities carried out in businesses that are properly registered and recorded in the national statistics”;
- ii) Irregular economy, which is “production of legal goods and services in unregistered and, hence untaxed and unrecorded small businesses; and
- iii) Illegal activities, which are activities outside of regulatory controls such as tax and criminal laws (pp.163-164).

Using these categories as frames of reference for calculating the size of the informal economy it was found that it represents a little over 40% of the registered GDP for 2001 and is characterized as:

...an atomic configuration of economic units that compete individually with each other, in the absence of productive cooperative links and linkages with large firms (Ibid: 165).

The size of the informal economy is a contentious issue on three fronts. Economically, it demonstrates the degree of flexibility in labour market relations but also implicates state and governmental capability to provide the requisite oversight for economic activities. It illustrates also the high level of independence that attends value-added activities in the political economy as well as the wide scope for individual self-determination. Lastly, it provides the greatest indicator yet of the breadth of illegal activities in the political economy. However, economics hardly exists in a vacuum and is therefore counterbalanced by a social context. On this point Titov (2006) proffers that the informal economy ought to be seen as “a specifically constituted self-reproducing social system of coordination and interactions” (p. 3). Further that this social system “is an integrated whole with its own dynamics and transformation logic” (Ibid). Parsons and Smelser’s (1966) general theory of social interaction is one of the earliest assertions of the social underpinnings of economics and through the concept of ‘pattern maintenance’ draw attention to the way in which economic behaviour is reinforced by a particular value system that overtime evolve into ‘institutions’. More recently, Portes and Haller (2005) suggest that the first paradox of the informal economy is that, as it takes on the character of a ‘true market,’ its effective functioning becomes more dependent on social ties (p. 407). Castell and Portes’ (1989) comparative rendition is the best known of the empirical studies that engage the social

dynamics of the informal economy. However, there is a burgeoning body of research on the social aspects of informality in Jamaica exemplified by Gray (2003; 2004); Johnson (2005) and Schoburgh (2006). Still the claim that informal citizenship is a social formation of the informal economy departs from the omnibus discussions noted previously to focus on the capacity of the informal economy to undermine social and political order. The informal economy evolves a set of social relations that is functional in nature in that the norms and values that are engendered assist in maintaining as well as proliferating the activities that are undertaken and the attitude and behaviour that accompany them.

Manifestations of informality in Jamaica's socio-political space

However the informal economy is interpreted, one dimension remains constant, that is, its diversified forms. At a glance the range of activities that constitutes the informal economy may be deceptively seen as the multiplicity of ways that the poor gain economic leverage. Overlooked are the complex social structures that it engenders which become the well-spring for different types of institutional deficits. The cases of 'squatting'/informal settlements and the control of certain types of communities by individuals referred to as 'Area Dons' instance two manifestations of the value orientation and behaviour that underpin informality in Jamaica and which are examined in the ensuing sections. These 'developments' whether viewed singly or dually have contributed to a perception of loss of state control as well as social decay and have implicated the robustness of the socio-economic policy framework in Jamaica but more broadly the legitimacy of governance structures.

Squatting/Informal Settlements – Staking a claim or breaking the law?

Squatting is the term applied to the unlawful occupation of land and/or building and represents one of the methods used historically by the poor, economically marginalized and landless persons in post-colonial societies to get a 'piece of the pie' and to bring policy attention to the unequal distribution of land and other resources in the economy. Squatting is in actuality a 'back-door' entrance into establishing property rights and finds legal standing in Jamaica in the Registration of Titles Act that provides for the right of possession of privately owned land after twelve years of undisturbed occupancy and of crown land, after sixty years. The notion of 'idle land' (which is a misnomer since land is owned either by the state [crown land] or absentee owners), provides squatters with an opportunity for establishing the claim of right of possession. Hence the idea of squatters' rights that is bandied about frequently is derived from this legislation and has been used strategically by a significant number of persons in Jamaica to launch an economic path.

The nature of the political culture also provides a supporting context for the incidence of squatting. Precisely because in the case of land, squatters have a tendency to erect buildings that violate existing building codes and security orders. Counterintuitively squatting is done with the tacit approval of the political representative. There is hardly a single incidence of squatting in any geographic area as one incidence triggers another until a fully-fledged settlement evolves. These informal settlements, so-called by policy officials are critical bases of support for political representatives and as a consequence every settlement of this type has had to declare its political allegiance to either of the two major political parties (Tindigarukayo 2002). Other factors such as rural-urban migration, the shortage of housing and the harsh economic realities have contributed to the prevalence of squatting in Jamaica.

Land settlement schemes of the 1950s and 1960s and land reform programmes of the 1970s have been policy's response to arresting the problem of squatting and effecting redistribution of resources, generally. Provision of shelter has been attempted through various housing policies mostly on the platform of poverty reduction and sustainable livelihoods. Through state agencies such as the National Housing Trust (NHT) and the National Housing Development Corporation (NHDC) government provides housing solutions that range from collective provision of housing units, to cooperative arrangements/partially funded by the state, to market-type benefits that are usually priced at

the middle-lower end of prevailing market rates. The latest effort at land redistribution and provision of housing was the Programme for Resettlement and Integrated Development Enterprise dubbed “Operation PRIDE” the main focus of which was to provide land for low income earners and to upgrade squatter settlements. Launched in 1994 Operation PRIDE was intended to: (a) reverse the socio-economic fall-out that resulted from economic restructuring; (b) set the framework for an adequate settlement policy, and (c) curb indiscriminate capture of government and privately owned land. From the outset implementation of Operation PRIDE was dogged with charges of nepotism and corruption prompting the appointment of a Commission of Inquiry into the allegations. In consequence of the Commission’s report the Minister of Housing, Dr. Karl Blythe was forced to resign. The broader issue is that redistribution of land and public provision of housing are critical elements in the bargains between politicians and constituents as land and housing are prime sources of patronage within the political economy. Understandably programmes such as “Operation PRIDE” would be a source of disagreement between the PNP and the JLP whether or not there is evidence of corruption.

Squatter/informal settlements are a feature of the socio-political landscape and the fact that this practice has continued unabated suggests that the policy and other regulatory institutions of the state have been unsuccessful in stemming it. Moreover, given the present economic climate squatting is permitted as a form of compensation for the inability of the state to meet the basic need of shelter for the poor. Understandably, the need for economic survival as a basis for the squatter problem cannot be ignored but one has to question the value orientation that underpins a behaviour that has transformed into a norm, especially since the act of squatting is illegal. It stands to reason that squatting is a purposeful strategy through which a group stakes its claim on the limited resources. This logic is reinforced by the fact that each time the authorities regularize informal settlements, or any informal activity for that matter there is a perverse reaction in an exponential growth of others.

‘Area Don’ – Alternative leadership or challenge to authority?

The nomenclature ‘Area Don’ appears commonplace to contemporary commentaries on socio-political transformations in the Jamaican society but had its antecedents in the social and political activism of the 1940s and the politics of post-independence Jamaica. The ‘Area Don’ can best be understood in the context of the “Jamaican lumpenproletariat” used by Gray (2003) to categorize a small segment of the urban poor whose faith in the social system is questionable. For Gray (2003) the lumpenproletariat, like the permanently unemployed as well as groups that are engaged in small-scale self-employment and petty-trading are part of an urban subculture (p. 11), the social relations of which, are characterized as:

A sense of racial and class deprivation, alienation from traditional values, and susceptibility to norms that see no awful shame in resort to crime, theft from the powerful...Guile, survivalism-at-all costs and cunning self-help in the harsh and often dangerous ghettos are the stock-in-trade of such groups (p. 12).

The ‘Area Don’ is an outgrowth of the political culture and the criminal underworld and as I have argued elsewhere (Schoburgh 2006: 184) is:

a community leader of a different kind, whose close association with one of the political parties is an occupational hazard, though not the source of his power. His power lies in his tapping into a reservoir of extremely high levels of psychological dependence in a socio-political context that exhibits extreme social inequalities.

The rise of the ‘Area Don’ as a mainstay of contemporary socio-political relations in Jamaica derives from a confluence of factors variously relating to the juxtapositioning forces of the retreat of the state and the expansion of the informal economy. Government’s adherence to neo-liberal-type policy stipulations had significant institutional impacts which in turn transformed the relationship between political representatives and constituents in particular communities. A decline in state/political resources translated into a decline in political patronage and development of a perception of abandonment of group support and communities by political representatives. Political patronage is essential to sustaining party

support and is integral to a brand of welfare politics that is practiced in Jamaica in which state power is used to allocate benefits to party faithful. And although Members of Parliament (MPs) and Parish Councillors are the main channels through which scarce benefits are accessed, local community leadership influences how and to whom these resources are distributed (Stone 1986). Less obvious is the marginalization of local government in political relations both in representing interests and facilitating access to public goods and services which together, contribute to its ineffectual presence in community relations and politics and which creates a leadership vacuum at the local level. 'Area Dons', whose authority and legitimacy are reinforced by the changing socio-economic circumstances, emerge as an alternative leadership form. A shift from politics as the basis of participation to more diversified forms is a poignant factor in social contexts where 'bread and butter' issues are central to the development of psycho-social connection to that space.

Mostly a feature of inner-city or poor rural communities that are usually aligned to one of the political parties and originating possibly from either squatter settlements or public provision of housing, the 'Area Don's' role in these communities is multifaceted, even though public opinion enthusiastically links them to mere criminality. Depending on his influence, he acts at times as the intermediary in channeling resources to these deprived neighbourhoods or at others he is a political enforcer. The inability of the Jamaican state to protect these communities from violent incursions launches 'Area Dons' into the role of 'protectors' who secure geographic spaces as well as dispense justice. Their actions may be morally repugnant but are celebrated and justified by the communities that they serve. The potential for the interactions between 'Area Dons' and agents of the state (such as the security forces) to degenerate into conflict is great because of the reality of an overlap between the political and criminal underworlds. Further the communities over which they exercise their influence are social systems whose values compete with those of the wider society. Importantly the objective circumstances of the intense pressure 'Area Dons' face to deliver social goods and maintain control in the communities in which they preside, force them to demonstrate their power and influence in ways that place them at odds with the expectations of civil society. The modus operandi of 'Area Dons' illustrates vividly the fallacy of a clear distinction between informality and illegality but for Gray (2003: 14-15) is indicative of the fight for the "right to full moral citizenship."

Outside of economics, the common element in the development of informal settlements and the rise of 'Area Dons' is the nature of political bargains in Jamaica which essentially links the system of distribution with power relations and which determines the kind of exchange that takes place in gaining access to resources. For as much as informal settlements and 'Area Dons' are taken as symptoms of deficiencies in the regulatory capacity of the formal institutions of the state, they simultaneously represent a kind of social activism the fundamental aim of which is a redistribution of political resources. Bayat's (2000) notion of "quiet encroachment" used in reference to the spontaneous activities of people in the Middle Eastern countries of Tehran, Istanbul and Tunisia, among others has analytic relevance in that it encapsulates a similar set of social relations that has at its core "a quest for survival and improvement of lives" (24). More important, informal settlements and 'Area Dons' portend of the dialectics of achieving equilibrium between social order and social change and between the differentiated sources of social change. As well, they evidence the alternative means through which social membership is pursued and rationalized in a political collective.

Social relations of informality

Despite portrayal in the literature of mostly economic effects of the informal economy through emphasis on issues such as, taxation potential, productivity and labour costs, there is an acknowledgement of its social impact. Portes, Castells and Benton (1989) reject the notion of a "marginal society" used in reference to the informal economy but admit that "if the informal economy does not generate a distinct society, it does produce specific social effects of far-reaching significance" (p. 31). Thus apart from concerns about its neutralizing impact on the power of organized labour or the blurring of class lines, the operations of the informal economy must affect the socio-political outlook of the participating agent or

individual. To be sure there must arise questions about the values the individual holds dear and the degree to which these are acknowledged in the space he/she pursues his/her life experience. The informal economy is not a euphemism for poverty but there is a correlation, though not absolute, between obtaining a livelihood there and being poor. This is not to say that the link between the informal economy and poverty and the formal economy and material well-being is unproblematic. However, by virtue of one's existence in the sphere of the 'unprotected' or 'unregulated' makes it possible that activities fall outside the influence of legislation, such as labour laws, that social protection arrangements are absent and that earnings are lower. Research has also shown that the link between the informal economy and poverty is stronger for women (see e.g. ILO 2002; Informal Sector Study for Jamaica, Preliminary Report 2004). There are two complicating issues here: the informal economy provides participating agents/individuals with a first-hand experience of the inability of the formal institutions to meet their needs and guarantee those benefits to which they are entitled through their social membership and participation in the wider political community. As the practice of squatting illustrates the material conditions that contribute to a sense of well-being in the wider society and which are important preconditions for social inclusion are met in the informal socio-economic space. Through this function it facilitates a psychological retreat from the wider society by those who operate within it and the creation of a social world in which actions are subjectively justified.

Of course social exclusion is not simply a function of the social relations of the informal economy, but can result from interactions within the formal socio-economic space. For instance, public service provision in democratic societies is predicated on the notion of 'equality of opportunity', meaning each citizen has equal access to these services. In reality access is determined by several factors, among which is the ability to pay, level of formal education, or proximity to the service. More advanced democratic societies counter these social burdens through provision of a minimum income and a basic standard of social services and respite against economic uncertainty (King and Waldron, 1988:420-1 in Twine 1994:94). Developing countries like Jamaica use policy as the context in which to direct resources to the least advantaged. The informal economy implicates the capacity of public policy to engender an ethos of social inclusiveness given that it is the institutional setting in which unequal distribution of costs to some groups is cushioned as the society progresses. And if poverty is the extent of the participating agent's experience then several things follow: subsistence living, poor education and low self worth which are often inter-generational as well as lay the basis on which vertically dependent relationships are built. In these circumstances the informal economy plays counter-balancing roles in the creation of the social person.

A similar argument may be advanced with respect to the value system that sustains the informal economy and to which Tokman (2001) alludes in his discussion of the requirements of transitioning informality to economic citizenship. According to him:

Microentrepreneurs must radically alter their behavior by going through a process of cultural change. They must move from individualistic ways of doing business, driven by the imperative of succeeding by any means in a wild competitive environment, to a culture that seeks the benefits of pooling productive resources as well as associating with other producers in their efforts to gain access to the market place (p. 58)

The unwavering focus on economic survival instills a strong sense of individualism in the social relations of the informal economy at the expense of norms of cooperation or social action. Yet a degree of group identification is present that may not appear as sustained cooperative efforts but as a resource that is relied on especially in periods of conflict. The incidence of squatting provides the best illustration of this argument for although it is an unauthorized transaction, the central underpinning of common membership engenders a form of solidarity that acts as an insulator against threats to the economic mainstay and social position of the participating agent. Hence, avoidance of government regulations and taxes or ignoring process norms as in squatting, go deeper than 'beating the system'. Rather, these behaviours point to a particular value orientation that places the preservation self and by extension the current socio-economic experience of the individual or group at the apex of social and political interactions. In such circumstances questions may arise about the utility of loyalty to a

political community. The proposition therefore, is that the quality of the material aspects of the practice of citizenship is fundamental to the development of a sense of connection with the socio-political space but the social relations of the informal economy is the context in which this sense of connection can be impaired.

From informal economy to informal citizenship

The informal economy can be conceived as a social sub-structure that typifies both spontaneous and purposive behaviour. It is driven by the logic of economic survival but simultaneously satisfies the need for independence and individuality, empowerment and opportunity for voice, effective leadership, and justice. It substantiates important aspects of belonging and by extension social identity and is therefore a route through which social membership is established. Based on the social relations of the informal economy sketched in the preceding section, it is clear that social membership is not a passive state but involves competition among groups about which set of claims should be given priority. The capacity of a political community to respond to these claims depends on its economic stocks. As a consequence some groups will be unduly burdened in the selection of which claims to respond to. The notion of informal citizenship highlights how traditional ideas of citizenship are being dislocated by economic transition in developing states and the kind of competition that is engendered among groups.

Citizenship is variously defined as a status which assures formal membership of a political community and through which the individual enjoys a bundle of equal rights and duties, liberties and constraints, powers and responsibilities (e.g. Marshall 1973a; Held 1989; Janoski 1998). Turner (1993) distinguishes between the juridical and practical aspects of citizenship noting that citizenship defined merely as a collection of rights and obligations (p.2) does not provide a clear picture of the dynamics of the status in practice. Thus he offers citizenship as that “set of practices (juridical, political, economic and cultural) which defines a person as a competent member of society, and which as a consequence shape the flow of resources to persons and social groups” (Ibid). Turner’s (1993) emphasis on ‘practices’ is an important indicator of the sociological underpinning of citizenship status which alerts one to the social constructivist and fluid nature of citizenship (Ibid. p. 3)

The nature of public services provision has been the platform on which scholars build forceful arguments about the failure of the modern state to fulfil the rights of citizens. A distinction is made between negative citizenship rights (political and civil rights) and positive citizenship rights (social and economic rights) in that the latter requires more overt action by state institutions to be realized. The dynamics of the labour market are associated with the extent to which social and economic rights are realized or eroded. Twine (1994) contends that the basis for a social right need not be attached to how secure one is in the formal labour market, but rather to his/her equal status as a citizen (p. 21). Meaning whether or not an individual enjoys structured regular employment does not negate his/her claim to a social or economic right. A reasonable position in theory; but does equal status amount to equal access? The phenomenon of the informal economy is in large measure a consequence of insecurity in labour relations and this insecurity has bearing on the quality of social membership. An individual’s socio-economic experience is linked to the quality of his/her participation in the labour market as well as the nature of the productive activities in which he/she engages and together are prerequisites for realization of social citizenship rights.

The ‘practices’ dimension in citizenship is the point of departure for this discussion and the platform on which the notion of an *informal citizenship* is constructed. There is a presumption however, that the status of citizenship removes all sense of informality with respect to one’s position in a socio-political community. But does being accorded citizenship status necessarily transmute into substantive citizenship? Implicitly, informal citizenship does not mean the absence of the politico-legal accoutrements of formal citizenship status, although in some cases this is so. It is a construct used to denote the quality of the experience of the individual designated as a citizen and is thus about the character of an individual’s membership in a particular political collective. Informal citizenship is

a status acquired through an individual's membership in a social sub-structure/sub-group with which he/she identifies as the legitimate collective/context in which to pursue those claims normally associated with and attached to formal citizenship status. Informal citizenship resides in that realm of formal citizenship status where particularistic needs (be they political and civil, economic, or socio-cultural) are either un-met or under-met and where a subordinated social system assumes responsibility for meeting them.

Of course for the socio-political system on a whole to retain its legitimacy and functional integrity the activities of the social sub-structure have to be non-threatening. For as Walzer (1970) warns if the business of the 'lesser' groups is not trivial, then the universal affairs of the state will lose their distinction (p. 221). However, informal citizenship does not provide these guarantees given its motive and permutations. As shown in the phenomenon of the "Area Don", which if left to flourish can threaten the broader exclusive group membership – the state, suggesting that the social substructures of the informal economy belie pluralist notion of multi-membership that is complementary. Strange (1996) offers a useful interpretation of social developments a la "Area Dons" via a discourse on authority beyond the state which for her, falls on a continuum between non-state authorities that are legitimized and approved by the state, and counter-authorities, that rival and threaten state authority (pp. 91-99). The point is, a sense of connection to a political collective or the psycho-social embodiment of formal citizenship status is derived from the manner in which that collective satisfies critical needs and not necessarily as a result of the conferment of the status because certain criteria are met. These needs though easily identifiable in consumption patterns have a psychological base and are essentially about the individual's social "placement" or "positioning" (Shotter p. 116) in a collectivity. The functional nature of citizenship suggests that overt actions have to be taken by the individual to achieve this status and depending on the setting for those actions or whether those actions provide the individual with access to fundamental resources, will be key determinants in whether (or not) he/she develops a sense of belonging or connection to that political space.

Since membership is the first building block to establishing citizenship then the setting (economic, socio-cultural, political) can condition motivations and shape behaviour. The quality of one's membership in the political collective is the salient factor in the development of the "citizen-self" (Janoski 1990). By citizen-self is meant the motivational source of an individual's action within a polity. Janoski (1990) uses seven typologies of citizen-selves, viz, incorporated, active, deferential, cynical, opportunistic, marginal and fatalistic (pp. 95-98) to represent a citizen's affectual relationship to a political regime (p. 98) and to indicate the range of value orientation and behaviour possible. Essentially the degree to which the individual accepts the value position of the political system will determine his/her attitude towards it, which may manifest as allegiance, apathy or alienation. The incorporated and deferential citizens identify with the regime whereas the activist and cynical citizens oppose it. The marginal and opportunistic citizens have little connection to the system and are argued to be more apathetic. Further the fatalistic citizen comes in two forms – fatalistic loyalists and fatalistic opposers, which take no action but have clear value positions (Ibid).

The social relations of the informal economy suggest the informal citizen typology. The informal citizen-self is borne out of a socio-economic status that relegates a person or groups to the fringes of society. The socio-political affect of this individual or group is instrumental and thus behaviour is guided towards self-interested ends. The value position is transient as it depends on whether goals are being achieved making confrontation with or opposition to the system a possibility. The reality of social exclusion as a product of the informal economy makes the informal citizen-self akin to Janoski's marginal typology, in particular, the sense of detachment and alienation from the system (p. 98). However, Janoski's view of "low resources and little power to act" does not always apply to the informal citizen-self. For as illustrated in the case of squatting and the emergence of the 'Area Don' in Jamaica low resources spawn creative means through which access to greater resources is gained and power is leveraged. In this respect the informal citizen-self has some similarities with the opportunistic citizen, particularly the rational pursuit of material interests and the time horizons that guide behaviour. The value orientation and behaviour of the informal citizen-self presuppose that a difficulty may arise in incurring obligations (paying taxes, voting, giving military service etc.).

Nonetheless, one must be cognizant of a wider process of informalisation and individualization that is taking place and which is accelerated by globalization. Post-modern discourses suggest that contemporary socio-political relations are characterized by ‘disorder’ and ‘chaos’ and that ambiguity and uncertainty are defining features or the most natural if not true reality. So, whereas formality could be referenced against interactions that are impersonal and transparent and that subscribe to universal rules and procedures, informality is the hallmark of post-modernism and features “interpersonal, less routine, less rigid and less ceremonial relationships which rely more on tacit knowledge than on prescribed norms” (Misztal 2000 p. 19). The construct of informal citizenship finds analytic resonance in postmodern socio-political processes in which identity is a function of the needs of the individual as expressed through economic consumption (Touraine 1998, 68 in Misztal 2000, 47). Individuality and informality are analytically and empirically contingent as demonstrated by the transformations occurring in Jamaica in that as citizens pursue their options independently, there is greater propensity for behaviour to deviate from institutionalized norms. Importantly citizenship in the modern state is encased in socio-political processes that are trending towards greater levels of informalisation making the informal economy and its social formations definitive prospects for the future. Postmodernism yields a “new politics of identity” which is compounded in the informal economy as the individual grapples with creating the opportunities that will give meaning to his/her life.

Finally citizenship status is an assurance of an acknowledgement by the state or its authorities of an obligation to protect the individual person and private life. The group of citizens which may be so designated by birth, residence or consent is distinctive in that, it and no other group, receives protection from the state (Walzer 1970 p 206). As a corollary the citizen is expected to acknowledge an obligation to the state through expressions of obedience (obey laws) and assumption of responsibilities (perform duties). By virtue of its size and the scope of its activities, the informal economy in Jamaica has created a social space that engenders the formation of sub-structures that are gradually assuming some of these functions. The notion of an informal citizenship is employed in this paper to illustrate the complexities that inhere in contemporary social membership. Thus, whereas formal citizenship status subordinates individualism to universalism and subculturalism to nationalism within the state; informal citizenship is the obverse. It is where there is alienation from the broader collectivity and where social cohesion in the society and loyalty to the political system is replaced by a spontaneous emergence of particularism and individual self-determination.

Conclusion

There is general settlement around the view that the modern state is the largest and most inclusive group that legitimizes an individual’s membership in a political community. Yet simultaneously, the modern state continues to experience significant changes in its constitutive elements – its boundaries (spatial and social), its legitimacy as well as its capacity which altogether implicate its protective functions and its centrality to the human experience. Certainly, in a developing state like Jamaica, these issues assume astronomic proportions in light of other structural weaknesses. These structural weaknesses combined with a wider process of informalisation create the context for the development of a kind of interaction where actors have relative freedom to interpret and determine the scope and content of their actions. The informal economy is the construct used in this paper to capture this process of social transformation and which is herein argued to have an effect in the development of an informal citizenship. In exploring the connection between an informal economy and informal citizenship, this paper sought to comprehend the values that the Jamaican body politic holds dear and further the extent to which those values are validated through one’s social membership of the political collective. By the size of the informal economy in Jamaica and the social relations that it engenders one may conclude that satisfaction of basic needs is the essential underpinning of the degree of expression of community and thus is essential for engendering a sense of connection to a socio-political space. The informal citizen-self is an indication of a breach in the level of protection provided by a political community.

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New perspectives on corporate social responsibility in the Caribbean

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Abstract

This paper aims at shedding light on the practice of Corporate Social Responsibility (CSR) in the Caribbean region. Two main reasons make this effort worthwhile: firstly, through the practice of CSR, the private sector can play a decisive role in addressing some of the development challenges that we currently observe in the region, and secondly, there has been relatively little research to date on CSR in the Caribbean, considering that most of the existing literature on Latin America and the Caribbean deals mainly with the former.

In the first part of the paper we provide an overview of the practice of CSR by the private sector in three of the main economies of the region (Trinidad and Tobago, Jamaica and Barbados). In the second part, based on these results, we draw some conclusions at the regional level and identify some key elements that would increase the effectiveness of CSR as a development tool for the region. We refer to these elements as *Strategic Drivers of CSR in the Caribbean*.

Introduction

In recent years there has been increasing consensus on the decisive role that the private sector can play in the development of a country or a region at a broader level, aside from the contribution in economic terms (i.e. profit sharing, taxation, employment). The key channel through which this contribution can be achieved is through the practice of Corporate Social Responsibility (CSR). Essentially, CSR embodies two emergent concepts - value creation and triple bottom line. Elkington (1997) contends that for a business corporation to prosper over the long term, it must continuously meet society's needs for goods and services without destroying natural or social capital. The triple bottom line reporting approach (Sarre, 2000) acknowledges financial, environmental and social responsibilities of the firms to the wider society (Sarre, Doig and Fiedler, 2001).

Though the fundamental idea behind CSR is that a corporation or company has a responsibility to society's development beyond the maximization of profit and of shareholder's value, it has been shown that when the CSR strategy is aligned with the company's core business it can lead to a wide range of bottom-line benefits, such as increased employee motivation and retention, higher productivity, reduced absenteeism and more efficient environmental-friendly production techniques among many others.² From this perspective, CSR is different from philanthropy and handing out of small sums of money to various organizations, which do not generate any business return.³

CSR entails both practices that focus on the core business and the workforce (*internal CSR*) and social and environmental programmes within the communities and at the national level (*external CSR*). There is a wide range of CSR practices that, while contributing to the socio-economical development of the country, have a positive impact on the bottom line. To name a few: increase employment standards and health and safety practices, engage in the development and marketing of products and services for the poor,⁴ reduce waste, utilize highly efficient environmental-friendly production techniques, sponsor educational programmes at the national level and pool resources to create shared institutions towards increasing the pool of potential high-skilled workers, enhance national competitiveness and the quality of local suppliers through international supply-chains management and finally support and build capacity within Civil Society Organizations (CSOs) towards increasing the sustainability of their projects.

Review of the existing literature on CSR in the Caribbean region

While there might be differences from country to country, the Caribbean region faces a number of common challenges in its drive towards attaining sustainable development. These include: high levels of poverty⁵ and social inequity, increasing divide among the poorest and the richest tier of the population, high levels of underemployment and juvenile unemployment, increasing urban violence and crime, high incidence of HIV and AIDS, exposure to natural disasters, brain drain⁶ and inadequate access to new information technologies. Several common strategies have been identified by the Governments to address these challenges,⁷ however it seems evident that without the support of the private sector to complement the efforts of the public sector, they will hardly achieve the expected

² For an excellent analysis of the business benefits that CSR can be achieved through CSR see Porter MR. and M.E. Kramer (2002). According to these two authors, a strategic planning and implementation of CSR can have a positive impact on the 'competitive context' of a company, which consists of four interrelated elements that affects its profitability. These elements are: (i) factor conditions, (ii) demand conditions, (iii) context for strategy and rivalry and, finally, (iv) related and supporting industries.

³ A recent paper by Collier J. and R. Esteban (2004) makes a distinction between integrated and decoupled CSR policies. In the first case ethics programmes are integrated into corporate policies and employees will be implicated in the exercise of corporate responsibility while in the second they are mainly 'window-dressing' exercises that can easily be decoupled from everyday organizational activities. In this case employees usually know little or nothing about the stated CSR policies of their employer. Two of the reasons why decoupling may arise is too rigid compliance with guidelines and external regulations or 'quick-fix' responses to media attention.

⁴ Prahlad, C.K and S.L. Hart (2002) provides several examples of companies that achieved significant business benefits targeting the needs of the consumers at the "bottom of the pyramid". These are often overlooked by traditional business strategies, which tend to focus on higher unitary margins rather than on the scale of production.

⁵ Countries such as Antigua, the Bahamas, Barbados and St. Kitts, having invested heavily in the social sector, have achieved relatively low levels of poverty (Republic of Trinidad and Tobago, *Social Sector Investment Programme 2007*).

⁶ Countries such as Jamaica, Dominican Republic, Cuba, Trinidad and Tobago have a high level of emigration of qualified labour. Based on data provided by the United States Census, of all foreign nationals living in the United States, 10% are of Caribbean origin. For further information, go to www.census.gov.

⁷ The strategies identified by the Governments in the document "Towards a Caribbean Vision 2020" include: reducing poverty and enhancing social protection for particularly vulnerable groups, providing a more equitable access to employment, ensuring the integrity and the preservation of the environment, improving the transparency and accountability of governments.

results. In acknowledgment of this there is a surge of interest on the topic of CSR, reflected in the rise of national organizations promoting its practice, an extensive media coverage and an increasing number of CSR events region-wide (Peinado-Vara, 2004). However, the data on the actual level and incidence of CSR in the Caribbean are far from being exhaustive.

Jones (2003) interviewed representatives from 58 business corporations in 6 countries across the Caribbean, namely Barbados, Grenada, Guyana, Jamaica, St. Lucia, and Trinidad. The research also included feedback from 25 NGOs. The study found that the likelihood of a company making a social investment was positively affected by the size of the company in terms of revenue generation, the number of years of operation and, finally, the social environment in the country. It also highlighted that two of the biggest impediments to enhanced CSR programmes by business in the region are inadequate human resources and small CSR budgets. Using a three-wave analytical model (see Table 1), the study concluded that, similarly to developed countries, CSR practice in the Caribbean was still rooted in basic philanthropic giving (75%) rather than strategic philanthropy (25%) and social investment (5%).

TABLE 1
THE THREE-WAVE MODEL OF CSR

	First Wave	Second Wave	Third Wave
Rationale	Philanthropy	Strategic philanthropy	Community/investment
Management	Ad-hoc	Systematic manager	Entrepreneur/consultant
Approach	Passive	Responsive	Building capacity

Source: Jones, 2003

According to the author, some of the reasons why Caribbean experiences with CSR may lag behind the western experiences include the small size of markets, resulting in relatively small profits for the companies and the limited number of competitors, which implies that the need for obtaining a competitive CSR business edge typically is not a priority for many companies.

In a paper by Haslam (2004), the Caribbean was ranked lowest (“stalled”) within the western hemisphere in exhibiting CSR practices, with a huge gap between CSR practice in North America and the rest of the Americas.⁸ When analysing the two biggest economies of the region, Jamaica and Trinidad and Tobago, the author found an almost non-existent participation of the private sector, a lack of government advocacy and promotion and general public awareness. The conclusion of the paper is that CSR in Latin America and the Caribbean seem to be heavily influenced by international NGOs, guidelines from multinational headquarters, and multilateral institutions, suggesting a lack of local ownership of CSR initiatives.

Peinado-Vara (2004) pointed out the minimal government involvement in the practice of CSR in the Caribbean region where, differently from countries such as Brazil and Chile, there are limited tax incentives for companies to encourage corporate donations for developmental goals. In the paper by Jones (2003) it was also noted that half of the business leaders interviewed felt there were no special fiscal incentives for CSR investments and only 29% were able to actually claim tax concessions.

A recent study by UNDP and Institute of Business (2005) on the contribution of the private sector to regional development in the Caribbean Region, concluded that the majority of the existing

⁸ This study is based on an analysis of the number of hits that the search engine returned when using the term CSR. Evidently, this type of methodology is biased towards countries with a heavy use of the internet.

“developed-oriented business practices” did not seem to be “sufficiently driven by business profitability to be considered sustainable”.⁹

Finally, Dick-Forde (2006) explored the CSR practices of three leading financial institutions in the Caribbean (Republic Bank Ltd., FirstCaribbean International Bank and Citicorp Inc), with a view to determining their social impact and sustainability.¹⁰ The findings of the study indicated that little attention was paid to the issues of environment and sustainable development. They also revealed an absence of Caribbean signatories to UNEPFI¹¹ and a lack of participation by countries in many of the international standards related to sustainable development. Finally, there was a significant gap between the CSR practices of MNCs and their subsidiaries in the Caribbean, which can be seen as the difference between the rhetoric and the reality of CSR.

The rest of the paper is organized as follows. In the first section we provide new data on the practice of CSR in Trinidad & Tobago, Barbados and Jamaica. In the second, we discuss these findings and draw some general conclusions at the regional level. Finally, in the third section, we provide some recommendations for future research and some policy conclusion on the necessity to implement three key “*Strategic Drivers of CSR in the Caribbean*”.

CSR practices in selected Caribbean countries

Trinidad & Tobago

Trinidad and Tobago experienced strong economic growth over the last decade, mainly driven by the buoyancy on natural resources (oil and gas) and the subsequent high level of FDI. The economy of the country is highly depend on the Energy sector as its main income-earner, accounting for over 45% of GDP in 2006, while the other key sectors of the economy are the Manufacturing, Construction and Financial. Despite being classified as a high human development country in the Human Development Report (HDR) 2006 (UNDP, 2006) the country still faces a wide range of socio-economic challenges, including high levels of poverty, social exclusion, income inequality and crime among others.¹² The Government adopted in 2004 a National Development Plan, Vision 2020, which identifies five key pillars for national development.¹³ The booming private sector in the country has a great potential to contribute towards the achievement of the national development goals, and while there is widespread evidence of several initiatives in the area, until recently no systematic study had been undertaken on the practice of CSR in the country. “Mapping Corporate Social Responsibility in Trinidad and Tobago” (UNDP and STCIC, 2007)¹⁴ provides for the first time an overview of the level of CSR

⁹ The study highlights a number of “development oriented business practices” (DOPB) undertaken by companies in the region that contributed to sustainable development while also increasing the profits. However, the initiatives included in the report were limited to the areas of tertiary education, supply-chains management, health and safety practices and “green products”, due to the lack of evidence of similar initiatives in other areas such as poverty reduction, environmental management and development and distribution of products for the poor.

¹⁰ The criteria used to analyse the social impact of these programs included a combination of social theory, the Global Reporting Initiative (GRI) guidelines for the financial services sector on social performance, and UNEPFI.

¹¹ United Nations Environment Programme’s Finance Initiative.

¹² The level of poverty in Trinidad and Tobago is still very high (21% of the population lives below the national poverty line). The income distribution shows a high level of disparity between the richest and the lowest tiers of the population, with the richest 20% of the population accounting for almost 50% of the expenditure and the poorest 20% for a mere 5%. While females usually attain a higher level of education than men, the average income is less than half than the one of men, with similar job positions that had different salaries depending on the gender (UNDP, HDR 2006). Access to quality housing is another important issue: a 2006 survey by the Ministry of Housing showed that almost 40% of the applicants did not afford even the lowest cost homes currently under construction (Ministry of Housing of the Republic of Trinidad and Tobago, *Housing Colloquium 2006*).

¹³ The five pillars are: (i) Developing Innovative People, (ii) Nurturing a Caring Society, (iii) Governing Effectively, (iv) Enabling Competitive Businesses and (v) Investing in Sound Infrastructure and Environment (Republic of Trinidad and Tobago, *Vision 2020 Operational plan 2007-2010*, November 2006).

¹⁴ In the ANNEX section a table with the major results of the study is presented.

which can be considered fairly representative of the whole country.¹⁵ Building on the main findings of the report, in this paper we add some considerations based on further analysis of the data collected during the research exercise.

A first element to be highlighted is the general reluctance of the companies to participate to the initiative. In fact, it was necessary to contact almost 200 companies in order to achieve the final sample target of 90. A possible explanation is a lack of awareness of CSR, particularly amongst local companies and Small and Medium Enterprises (SMEs). Another important limitation to the research was the lack of transparency with respect to CSR practices: only 18 companies published some information on their CSR related activities and 68 disclosed financial information on the funds allocated to social and environmental programmes.¹⁶

The main finding of the study is that Companies from the Energy and Related industries sector play the leading role as a contributor to the socio-economic development of the country, accounting for over half of the total money spent by the companies in the sample on external social and environmental programmes. Apart a few exceptions, this sector comprises mainly subsidiaries of large Multinational Companies (MNCs). Another relevant sector in terms of their expenditure on external CSR programmes is the Financial, where companies showed an increasing engagement over the recent years, often setting departments specifically devoted to CSR. On the contrary, the Tourism sector showed a very limited engagement, both in terms of human and financial resources.

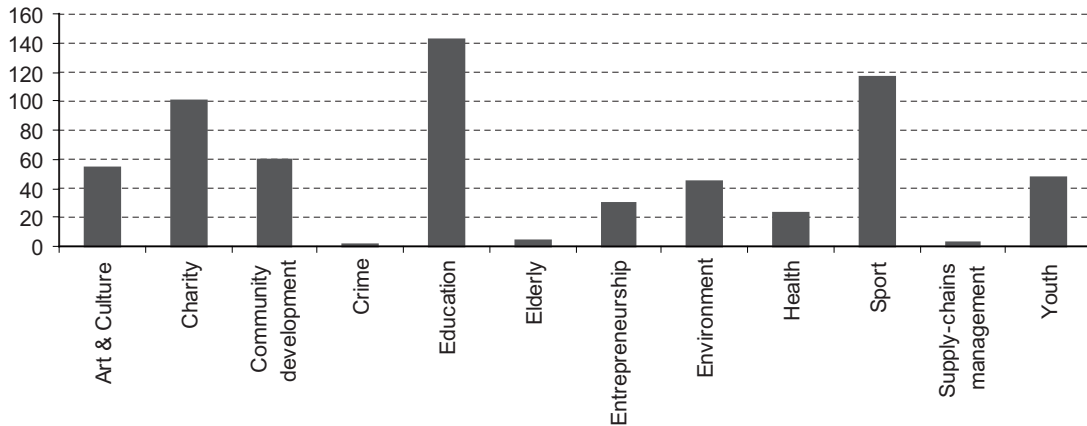
The geographical distribution of external social and environmental programmes reflects the areas where companies generate their revenues, because companies, and particularly those from the Energy and related industries sector, tend to engage in CSR projects within their fence-line communities. On the other hand, the Financial and Restaurants sector (particularly Fast Food companies) were engaging mainly in programmes at the national or even regional level, depending on their areas of interest. As regards the thematic areas of the programmes, the study highlights that activities with a high Public Relation (PR) value, particularly in the areas of sport and social activities, attracted the majority of the investment. Other areas of interest for the companies were education, followed by health, art and culture and community programmes, while a limited engagement was seen in the area of environment. While some important initiatives have been undertaken by large MNCs in the areas of supply-chains management and local content development, these seemed to be mainly stand-alone initiatives revealing a lack of coordination at the national level.¹⁷

¹⁵ The study refers to the period 2001-2006. The sample is composed of 90 companies from all major sectors of the economy, including large companies and SMEs, foreign owned companies as well as local, both public and private owned. The study was conducted by means of a questionnaire. The companies in the sample were selected on the basis of the GDP and employment contribution of each sector. This joint criterion was identified to avoid over-representing sectors such as the Energy and Related industries, which provide a huge contribution in terms of GDP (over 45% in 2006) but limited in terms of employment (3.5%) (Central Bank of Trinidad and Tobago, Annual Economic Review 2006).

¹⁶ Interestingly, the percentage of companies that disclosed this information is higher among SMEs (90%) than large companies (less than 80%), highlighting that the major problem with respect to transparency seem to regard large companies and not SMEs. The main reason adducted by large companies in particular was that it was an information key to their strategic plans and revealing it would have given an advantage to their competitors.

¹⁷ The Local Content Development Policy, recently introduced by the Ministry of Energy and the Energy Industries, has not yet been able to deliver the expected results.

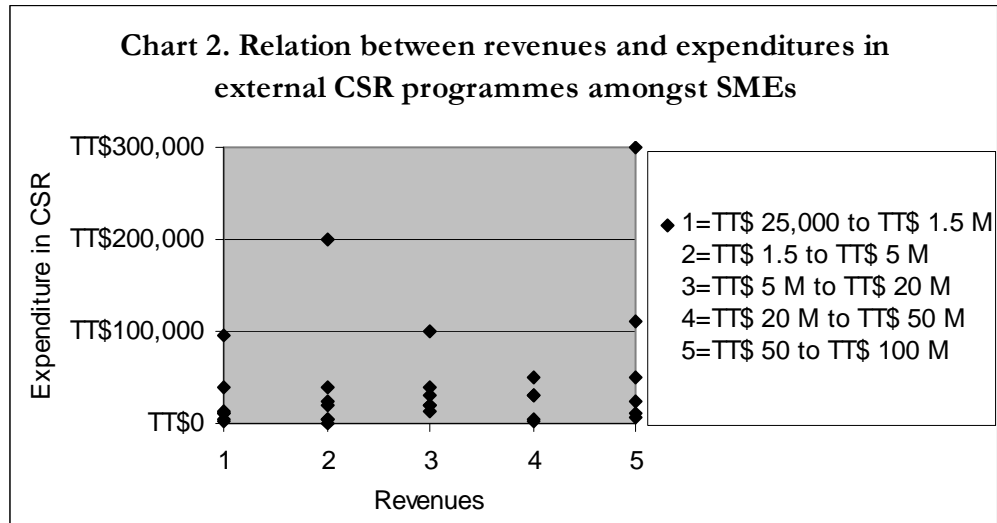
CHART 1.
EXTERNAL CSR ACTIVITIES IN TRINIDAD AND TOBAGO



Finally, with respect to the monies spent through third party organization, which was more relevant among large enterprises, companies showed a general reluctance due to the limited information available on the Civil Society Organizations (CSOs) in order to assess their reliability and the sustainability of their projects.¹⁸

Considering the benefits identified by the companies from their social engagement, it was clear that the majority of these activities were more of a philanthropic nature rather than true CSR. Further analysis shows that this was particularly evident for SMEs: only 50% of the SMEs promoted CSR programmes that were aligned with their core business (compared to a 90% amongst large companies) and close to 60% did not identify any business benefits from these programmes. In addition, while according to the literature on the strategic implications of CSR (Mc Williams and Siegel, 2002) we should expect different levels of CSR-related expenditures from different sectors and types of products, the money spent by SMEs was generally low and showed no significant cross-sector variation, revealing that SMEs view CSR more as an expenditure than a strategic investment.

¹⁸ The existing CSOs registries are not updated on a regular base, providing information from the financial books and on the sustainability of the projects undertaken. While there are several government initiatives currently underway, among which the most relevant is the 2006 NGO scan by the Ministry of Social Development, tangible results are visible only in the long run.



With respect to the programme planning, the study shows that senior management is always involved in the decision-making process, only in some cases with the inclusion of other stakeholders – employees, communities, shareholders and contractors. For MNCs the parent company’s guidelines provided the key framework for programme planning.¹⁹ Around 60% of the companies had a pre-assigned yearly budget for these activities but further analysis shows that this percentage is only 35% amongst SMEs, revealing a high degree of *ad-hoc* allocation of funds. In addition, this allocation of funds was mainly demand-driven without undertaking any need assessment. In only a few cases employee volunteering was used by companies as a device to address the real needs of their communities, but also increase the outreach of these programmes and reduce the costs.

Further analysis of the data shows that publicly-traded companies scored higher than privately owned, both with respect to the reporting of CSR activities (40% of the publicly traded companies produced some form of report on CSR, compared to only 15% of the private) and to the inclusion of other stakeholders in the decision-making process (senior management decided alone without any consultation in 35% of publicly-traded companies compared to almost two thirds of private ones).

With respect to internal aspects of CSR, the study revealed that companies were to be increasingly compliant with national legislation (OSHA)²⁰ and other industry-specific regulations. However, there was still a significant gap between large companies and SMEs, and the Construction sector in particular registered a limited implementation of Health and Safety policies, despite an high incidence of work-related accidents. All companies provided a wide range of programmes to train their employees, while the assessment of internal CSR practices and provision of employee benefits varied a lot across sectors and also between large companies and SMEs.²¹

Finally, the study showed a low regard towards environmental issues such as reduction of emissions, waste management, promotion of environment-friendly production techniques, with the exception of the Energy and related industries sector. Company’s policies and values in the area of

¹⁹ In addition, through these guidelines and codes of conducts some of the foreign contractors introduced standards of quality, health and safety practices to which also local suppliers have to abide, which had a great impact on the development of CSR practices among local companies.

²⁰ The Occupational Health and Safety Act (OSHA) was officially introduced in 2004, however to date only some parts of it have actually been implemented.

²¹ The main benefits provided by companies to their employees were health insurance, pension systems, entertainment/gym, maternity and in some cases paternity leave, assistance with tuition and education, transportation housing and travel allowances and finally investment plans and low interest loans, particularly in the Financial and Real estate sector. A striking difference between SMEs and large companies was observed in areas such as in the provision of health insurance and contribution to pension funds beyond what required by the law.

environment were not transmitted down to the level of the employees in less than 60% of the cases. The monitoring and compliance with environmental laws seemed to be particularly low within local companies in the Construction sector. Only few MNCs had Environmental Management Systems (EMS). Finally, more than half of the companies in the Tourism sector did not implement any type - formal or informal- of environmental policy and no one to date achieved international certification.²²

In conclusion, it can be stated that, while the private sector as a whole plays a relevant role in the socio-economical development of Trinidad and Tobago,²³ foreign companies are leading the way in the practice of CSR while there is still a limited participation by local companies and particularly SMEs. In addition, there are at least three key factors that hinder the capacity of CSR to be an effective tool for national development: the lack of evidence-based planning and alignment of the programmes with the national development goals, the limited involvement of the Government²⁴ and the negligible number of impact assessments undertaken by the companies.

Jamaica

The economy of Jamaica is largely dependent on tourism as its main income earner. Bauxite, agriculture and light manufacturing play smaller but important roles. In the last decade Jamaica experienced sluggish economic growth, annual single or low double digit inflation since 1997 – down from a high of 77% in 1992, declining real revenues and a rapidly growing public, largely internal, with debt servicing accounting now for over 60% of total budgetary expenditures. Classified in the latest HDR 2005 as a middle level developing country,²⁵ it is affected by a number of social challenges which include: increasing level of poverty, particularly in rural communities,²⁶ high unemployment rates, particularly among the youth,²⁷ gender inequality,²⁸ high levels of crime and violence²⁹. The country is currently in the process of developing its National Development Plan, and, given declining resources, there is an opportunity to engage civil society, NGOs, the church and especially the private sector in being part of the solution. While the contribution of individual private

²² Despite the existence of a development plan for Tobago which is centred on the concept of eco-tourism as a key instrument for the diversification of the economy, so far no concrete strategy has been identified to promote it among the private sector, for example establishing a local environmental certification, which has been done in other countries (e.g. Costa Rica) that pursued a similar development strategy.

²³ “the money spent by these 68 companies on social and environmental programmes represents, on a yearly average, from 2% to 4% of the Government’s allocation for the programme development of the Social Ministries. For more information see “Mapping Corporate Social Responsibility in Trinidad and Tobago (UNDP and STCIC, 2007), p. 10.

²⁴ The Local Content Development Policy, recently introduced by the Ministry of Energy and the Energy Industries, has not yet been able to deliver the expected results. One of the other initiative is the “Wear and Tear” allowance for companies providing day care facilities or homework centres for the children of their employees. This allowance will be extended according to the 2008 Budget proposal and this further incentive was a key factor between the launch by the local Trinidad and Tobago Manufacturer’s Association (TTMA) of a joint project between several companies to build common facilities to provide child care and assistance.

²⁵ In the HDR 2006 Jamaica is ranked at 104th place, five place lower than the previous HDR (HDR, UNDP 2006).

²⁶ In 2006 18,7 of the population was living below the national poverty line, more that in 2005 (HDR, UNDP 2006).

²⁷ The unemployment rate is constant at approximately 16%. Almost half of teenagers (46%) are unemployed, with the highest rates being for those who did not complete their secondary education. It should be highlighted that teenagers who are out of school and out-of-work have few skills are often illiterate and therefore more vulnerable to antisocial behaviours, violence and drug abuse. See Statistical Institute of Jamaica, Labour Force Survey, 2004.

²⁸ Female unemployment is twice that of male unemployment, despite the higher education attainment of females (HDR, UNDP 2006). In addition, women usually earn less than men, partially because they are concentrated in low paying sectors and partly because the same type of jobs offer different pays for men and women (Planning Institute of Jamaica, Labour Market Information Newsletter, No. 28, 1998).

²⁹ The three main areas of violence are: domestic violence, including rape and sexual assault, abuse and murder and that associated with drug and gang activity and these are heavily concentrated in low income urban areas (28% of all murders take place in Kingston). Crime and violence is a youthful phenomenon in Jamaica, (in 1999 55% of all crimes were committed by persons 26 and under, and 40% of murder victims were between the ages of 13 and 25 years). Finally, despite the decline in recent years, the murder rate is extremely high (34 per 100000) (Republic of Jamaica, Economic and Social Survey Jamaica, 2005).

companies has been noted, usually through the media and the Annual Reports of publicly traded companies, there is no compilation of these data.

This overview of the practice of CSR in Jamaica presents a preliminary summary of three recent initiatives: (i) a national survey of Private Sector companies on the barriers and drivers in supporting national development activities, (ii) a study of publicly trading companies on the practice of CSR and (iii) a survey of members of an industry association on CSR funded by the ILO. The companies in the sample represent all sectors of the economy, both in urban and rural settings. One major limitation of the research was that, due to the reluctance of many companies to state the allocation of funds to CSR activities, the magnitude of the private sector's contribution cannot be determined.

All companies reported that they engaged on CSR activities and indicated that they made donations to worthwhile causes when asked. However, just below 80% of the companies indicated that would like to give more, but were constrained by lack of awareness of national needs and priorities and lack of knowledge on the reliability of the CSOs that made requests.³⁰

While all companies made charitable donations, less than a third did through a structured mechanism such as a Foundation or dedicated member of staff. Sixty percent of companies reported that they had a pre-approved CSR budget, often in the Marketing or PR budget, but only less than 10% indicated that they had a giving plan that is linked to, and supportive of their business strategy.

Publicly traded companies were more likely to have a formal structure, or be considering putting in a structure, for their external CSR activities, usually in the form of a non-profit Foundation guided by a board of directors. On the contrary, in large privately held the giving decision is usually controlled by the CEO and other management. Similarly, SMEs tended to give based on the manager/owner discretion. Around 80% considered the community in which they were located as a priority for support, while also supporting national initiatives and specific issues driven by demand.

Donations to CSOs are more prevalent in larger companies, while smaller companies tended to support community initiatives and local projects. Larger companies were also more likely to support a series of project on a specific theme, such as a number of early childhood education project, or donations that strengthened environmental awareness and clean up projects. The main areas of support were education, health, youth development and finally crime and violence. Companies also supported sports projects through sponsorship and donations as well as environmental education and clean up activities. A few companies reported that they sponsored advocacy programmes, especially around children and youth issues.

Looking at the internal aspects of CSR, Jamaican companies showed a strong degree of compliance with local and international standards of Occupational Health and Safety (OHS). This is due in part to initiatives in the Ministry of Labour that pushed for the development of a national health and safety policy that called for local firms to develop and then implement corporate strategies. In addition, in response to introduction of National HIV policies, that examine confidentiality, counseling and testing as well as management of all chronic diseases in the workplace, the Private Sector, especially larger companies and branches of multinational corporations, developed firm policies on OHS, HIV and other chronic diseases. This culminated in the formation of the Business Council on HIV/AIDS - a coalition of private sector firms that seeks to strengthen the corporate response to the HIV pandemic. With respect to a sector-specific analysis, the mining manufacturing and food service sectors showed high compliance with the Occupation standards, while food service and financial services sectors had HIV awareness and prevention programmes. Staff training³¹ and the provision of

³⁰ As a matter of fact, all companies reported that they had at one time refused to support a project because they were unaware of the NGO and/or uncertain if the project was a good one to fund.

³¹ All companies reported that they conducted internal training and facilitated both weekly - and monthly - paid staff to participate in external training opportunities that ranged from degree programmes to technical development to business and leadership skills training. There was a tendency for management and supervisory staff to predominate in tertiary training while technical and vocational training were the areas of training for the semiskilled and unskilled workers (weekly paid).

benefits to the employees at all levels was consistently well developed in both publicly traded companies and private enterprises.³² The training provided was in the context of a planned career development in less than 25% of the firms, often the larger firms with formal staff assessment linked to benefits and promotion. Finally, in general the HRD practices of the firms are in keeping with the national policy and regulation framework in this area and the island benefits from a number of unions and sophisticated bargaining and dispute resolution mechanism, including labour, management and government partners.

With respect to the regulation and compliance of environmental aspects of CSR, environmental best practices varies widely depending on sector, and status of company.³³ Bauxite mining companies, as branches of international organizations, have a robust framework and guidelines, monitored by the Jamaica Bauxite Institute, that include conservation of natural and built resources as well as reclamation of lands to original or useful states once mining is complete. On the contrary, the smaller local companies that predominate in provision of aggregate for construction tended to not have a formal environmental policy and monitoring is weak and sporadic. Construction companies reported that they had environmental guidelines in place but, with the exclusion of one company, they did not monitor the practices of their suppliers. Finally, most companies in the Tourism sector reported that they implemented initiatives towards raising the awareness of environmental issues, reducing waste water, recycling water and conserve energy.³⁴ The larger properties indicated that they considered staff involvement in these activities critical for success while in smaller properties the activities tended to be driven and owned by manager/owner.

In conclusion, in Jamaica the private sector is increasingly being called to participate in and support development initiatives but, while the scan shows that many companies are choosing to listen to the call and act, there is a wide variation in the nature of the activities and the ways they are implemented. Most companies seem display rigor in internal staff development programmes but limited activities in environmental best practices. Philanthropy remains the dominant form of social expenditure, and these activities are often linked to Marketing and PR departments rather than through the corporate offices and integrated in business plans. The companies that move towards this more strategic approach have an awareness of the value of CSR as a tool for company growth as well as contributing to community and national development.

Barbados

The Barbadian economy recorded its fifth consecutive year of growth at 3.9% in 2006. The key sectors driving the economy are the Wholesale and Retail Trade, followed by Business and General Services, Tourism, Finance and Transport, Storage and Communication, while the Manufacturing and Agricultural –both sugar and non-sugar- sectors experienced relative decline over the recent years.³⁵

³² Employee benefits ranged from annual performance based bonuses, discretionary bonuses, life and health insurance, uniform, car, housing, and pension, and these varied widely by sector, size of company and number of employees. Companies with more than 50 staff tended to offer a wider range of benefits, with uniform, health insurance and pension for all staff with management levels also benefiting from car, access to loans, and housing allowances. Financial and other service companies were more likely to have benefits that included access to loans, clothing and car allowances as well as formal pension and Employee Assistance programmes.

³³ The Government, through the Environmental Ministry and the Cabinet Office, has developed protocols for Environmental and Strategic Impact Assessments that are part of approval processes for building and infrastructure development. However, since not all activities require approval for implementation, the environmental practices may vary from sector to sector or type of activity.

³⁴ These initiatives included: highlighting local flora and fauna on property, education materials that culminates in requesting guests to reuse towels to reduce laundry, and to be energy conscious, and using brown water for landscaping irrigation. One group of hotels also included in their mandate educating suppliers in good environmental practice, and exposed their suppliers – known as ‘partners’ – to a wide range of environmentally friendly activities such as organic farming, terracing, use and disposal of fertilizers and pesticides and water recycling techniques.

³⁵ For further information see Caricom secretariat, *National Account digest 2000-2003*, Georgetown, Guyana.

The unemployment rate was estimated at 8.7%, one percent lower than in 2005.³⁶ Barbados is a high human development country according to the HDR 2006, ranking 31st out of 175 countries, the highest ranking for every Caribbean Country. However, it still faces a number of social challenges such as the stigma associated with HIV/AIDS at the workplace and a rapidly ageing population. Since 1991 Barbados practices Social Partnership as a tripartite consultative and negotiating mechanism for policy-making and economic development including government, employers and labour. Its broader goal is to promote social dialogue towards building national consensus for socially acceptable public policy. According to Charles-Soverall and Khan (2004) however, although there is consensus that the social partnership has served Barbados quite well, recently there has been a call for greater social inclusion in the decision-making process and concerns about the increasingly diverging interest of the parties.

The state of CSR practice and the real impact that CSR activities have in overcoming social challenges in Barbados remains relatively underdeveloped and under-researched. A recent study was undertaken to gauge the CSR achievements of 22 business corporations, including 5 SBEs.³⁷ The data was collected during July 2007 by 15 graduate students of the International Management programme, IMGT 6040, University of the West Indies/Barbados. The methodology for this study included quantitative and qualitative research methods based on a variety of techniques such as browsing relevant websites, e-mail surveys, telephone surveys, and direct interviews with representatives from selected business corporations and Social Business Enterprises (SBEs). In addition, the analysis incorporated the use of the three wave model by Jones (2003) and the five stage corporate citizenship model by Mirvis and Googins (2006)³⁸. In assessing CSR practice in Barbados the study makes a clear distinction between actual CSR (adoption and practice of CSR principles with a view to actively creating social value) and the rhetoric of ‘corporate responsibility’, which simply translates into relativities (minimising risk and acting in conformity with prevailing social norms). The analysis of the data revealed some very interesting findings and insights.

The response rate was relatively high with 18 organizations out of 22 responding positively and only 4 failing to respond. Of the 18 responses, 5 did not practice CSR and 3 were not familiar with the concept, suggesting that the awareness of the concept and practice of CSR is still relatively new.

For the most part, 20 of the 22 business corporations surveyed operated on the basic principle of “giving back to the community and making a positive impact as a corporate citizen” (KPMG). The evidence confirmed the earlier research findings of Jones (2003) and Dick-Forde (2006) when analysed within the context of the three wave model of CSR described early.

The findings also indicated that CSR practice in Barbados was predominantly philanthropic and based on the charity principle. This philanthropic approach was not limited to any one sector but evenly spread across the various sectors - SBEs (5), banking sector (4), commercial (3), construction (3), insurance (2), auditing (2), financial services (1), telecommunications (1), and poultry (1).³⁹

Among the companies interviewed there appears to be a keen sense of awareness of the potential benefits to be derived from effective and sustainable CSR practice. This was ably

³⁶ Ministry of Finance and Economic Affairs of the Republic of Barbados, *Barbados Economic and Social Report*, 2006.

³⁷ The business corporations in which direct interviews were conducted included Republic Bank of Canada (Barbados), Cable & Wireless (Barbados) Ltd., Ernst & Young (Barbados), FirstCaribbean Int.Bank (Bank), KPMG (Barbados), Republic Bank of T&T, Barbados Ice Co. Ltd., Barbados Salvation Army, Lashley & Waithe Fish Processors Inc., Soroptimist Int. of Barbados, Barbados Red Cross, the Barbados Cricket Association, and the Barbados Cricket League. Those businesses that were engaged in telephone surveys included Chickmont Ltd. Guardian General, Butterfield Bank, Fujitsu (Barbados) Ltd., Banks Holdings (Barbados) Ltd. and Williams Industries. The email surveys included Arawak Cement Ltd., Caribbean Money Market Brokers, Royal Bank of Canada, and Sagicor.

³⁸ Tables summarizing these models are presented in p. 4 (Table 1) and p. 16 (Table 2).

³⁹ An overview of the social programmes undertaken by the companies is presented in ANNEX II

demonstrated by strong leadership commitment towards improving the CSR practice through advocating social change, sponsoring varied and numerous community activities, preparing annual CSR Reports and becoming increasingly aware of their organisation's impact on society.

In conclusion, these findings imply that there is a significant need for further marketing, stakeholder sensitization, vigorous research, wider application and strategic incorporation of CSR practice into the daily management practices of companies. Some organisations speak about a policy of corporate responsibility rather than CSR with the general belief that it is one and the same; projects are viewed as sustainable as a result of the longevity of sponsorship rather than the ability to make a difference in the lives of people and communities. Clearly, there is a need to move beyond these early stages to greater marketing and social change.

Conclusions

The findings in the three countries show some interesting similarities and differences. First of all, CSR seems to be mainly foreign driven, while there is little awareness locally of CSR and of its potential to strengthen and support the core business of a company. In Jamaica only 10% of the companies interviewed indicated that their CSR strategy which was supportive of the business model, while in Trinidad and Tobago half of the SMEs interviewed declared not to expect/achieve any business-related benefit from their social programmes.⁴⁰

Secondly, while there was a growing interest by the private sector in the practice of CSR and the overwhelming majority of the companies interviewed were undertaking some sort of CSR-related activity, it was clear that most of them were engaging more in philanthropic-types of activities rather than true CSR. While this philanthropic approach was quite widespread across sectors in the case of Barbados, in Trinidad and Tobago it was evident that some sectors were moving away from this approach, mainly those that were exposed to international competition.⁴¹

Thirdly, there is a general lack of transparency on CSR, both with respect to publicly available information on a company's CSR activities and the disclosure of financial information on the programmes. This confirms the findings of Jones (2003), where over one fourth of the companies did not disclose financial information on their CSR programmes. However, the studies conducted in Trinidad and Tobago and Jamaica shows that being publicly traded partially reduces this lack of transparency, facilitating the inclusion of more stakeholders in the decision-making process and increasing the publication CSR-related information.

Fourth, donations are often demand driven with a lack of needs assessment and the decision often relies in the hands on the senior management alone. In addition, both in Jamaica and in Trinidad and Tobago there is a widespread lack of trust and collaboration between the private companies and CSOs, due to lack of available information on their financial books and projects.

Fifth, companies only rarely undertake formal impact assessments of their CSR programmes. This hinders the possibility to assess the real benefits for the communities and also the Return on Investment (ROI) for the companies, towards increasing the sustainability of these programmes.

Sixth, the role of the Government in promoting the practice of CSR is still limited, confirming the findings of Jones (2003) and Peinado-Vara (2004). There are few fiscal or regulatory incentives for CSR apart from the recently introduced regulations on health and safety⁴² and the private-public partnerships (PPPs) for development are still limited in number and scope. In addition, while all three

⁴⁰ In Barbados there seems to be a greater awareness of the benefits associated with the practice of CSR, however no assessment on the actual achievement of these benefits was made in the research exercise.

⁴¹ This includes Trans-Caribbean Corporations (TCCs) which are based in a Caribbean country.

⁴² Both Trinidad and Tobago and Jamaica recently introduced policies for Occupational Health and Safety (OHS).

countries developed National Development Plans,⁴³ the specific role and intervention areas for the private sector in the achievement of these plans has not been explored in detail.

Seventh, with respect to internal CSR, despite an increasing compliance with labour laws and regulations and the provision of a wide range of training programmes for the workforce, companies often do not go beyond the requirements of the law to reap maximum benefits from internal CSR practices⁴⁴ or assess these practices towards increasing their effectiveness and business returns.

Finally, there seem to be a limited engagement by the private sector on environmental issues, both with respect to reducing the environmental footprint and engaging in the production of “green” products and services, confirming the findings of UNDP and Institute of Business (2005) and Dick-Forde (2006). Contradictory trends were found in the Tourism sector, with a significantly higher engagement on environmental aspects in Jamaica than in Trinidad and Tobago.⁴⁵

Using the Corporate Citizenship Model (see Table 2), we can conclude that most of the companies interviewed in the three countries operated at stage 1 and 2 of this model. Therefore they have a long way to go before they can achieve the “Transforming” stage.

TABLE 2
CORPORATE CITIZENSHIP MODEL

	Stage 1. Elementary	Stage 2. Engaged	Stage 3. Innovative	Stage 4. Integrated	Stage 5. Transforming
Citizenship Concept	Jobs, Profits, and Taxes	Philanthropy, Environmental Protection	Stakeholder Management	Sustainability or Triple Bottom Line	Change the Game
Strategic Intent	Legal Compliance	License to Operate	Business Case	Value Proposition	Market Creation or Social Change
Leadership	Lip Service, Out of Touch	Supporter, in the Loop	Steward, On Top of It	Champion, in Front of It	Visionary, Ahead of the Pack
Structure	Marginal: Staff Driven	Functional Ownership	Cross-Functional Coordination	Organizational Alignment	Mainstream: Business Driven
Issues Management	Defensive	Reactive, Policies	Responsive, Programs	Pro-Active, Systems	Defining
Stakeholder Relationships	Unilateral	Interactive	Mutual Influence	Partnership	Multi-Organization Alliances
Transparency	Flank Protection	Public Relations	Public Reporting	Assurance	Full Disclosure

Source: Philip Mirvis and Bradley Googins, 2006

On the other hand, this study shows that the conclusions of Haslam (2002), which ranked the Caribbean region as “stalled” in the practice of CSR underestimate the current state of play, at least

⁴³ These are: *Vision 2020* in Trinidad and Tobago, the *National Strategic Plan of Barbados 2006-2025* and the *National Development Plan* in Jamaica.

⁴⁴ Among others: reduced absenteeism, increased work productivity and employee motivation and retention.

⁴⁵ This might be explained on the basis of the higher presence of foreign companies in the tourism sector in Jamaica than in Trinidad and Tobago. This would confirm the evidence highlighted from the study in Trinidad and Tobago that foreign companies are leading the way in the practice of CSR, being more aware of the potential benefits.

with respect to the three countries taken into consideration. Nonetheless, we agree with the author that what has been missing so far is not the involvement in social programmes *per se*, but the local ownership of CSR activities. As noted by Jones (2003), that there a number of companies which moved from a philanthropic perspective to strategic giving, but these are mainly foreign companies. Increasing the local ownership would entail promoting CSR among local companies as well as localizing the CSR practices of MNCs, which in most of the cases are directed from abroad, to address regional needs.

Extending the conclusions to the Caribbean region

Two elements might lead to the conclusion that these findings can be extended to the entire Caribbean region. Firstly, the three countries considered for the analysis represent an important size of the Caribbean economy.⁴⁶ contributing in 2002 they contributed to approximately 75% of the GDP of Caricom. Secondly, the findings are quite consistent across these countries, despite different economic profiles, suggesting that they might be common to the entire region.⁴⁷ However, when transposing the conclusions at the regional level, some caveats have to be bear in mind.

First of all, the fact that subsidiaries of large MNCs play the leading role in the provision of CSR programmes in Trinidad and Tobago might sound bad news for countries that do not experience a similar buoyancy of natural resources. In fact, FDI from outside the Caribbean region are concentrated in a few countries and this might limit the potential for the development of the CSR in countries that do not experience a high level of FDI.⁴⁸ In addition to that, further analysis should be devoted to the specific sectors in which the FDI are concentrated.⁴⁹

Secondly, the economic profile plays a role in shaping the potential for the development of CSR in a country, since the strategic implications of CSR are different from sector to sector (McWilliams and Siegler, 2002). Therefore, despite the fact that the three country-studies confirmed this hypothesis only to a limited extent,⁵⁰ countries with different economics profiles might still have different landscapes with respect to the actual and potential development of the practice of CSR and

⁴⁶ In 2002 they contributed to approximately 75% of the GDP of Caricom, respectively 39% Trinidad and Tobago, 27% Jamaica and 9% Barbados (Caricom statistics, www.caricomstats.org). Caricom includes 15 countries of the Caribbean region: Antigua and Barbuda, The Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, Saint Lucia, St. Kitts and Nevis, St. Vincent and the Grenadines, Suriname, Trinidad and Tobago. It should be noted that the two major economies of the Caribbean region, excluding Port Rico, are not members of Caricom (Dominican Republic and Cuba).

⁴⁷ For an overview of the major sectors driving the economy see the country-specific sections above.

⁴⁸ Extra-regional FDI is concentrated in a small number of countries. Over 80% of the FDI in Caricom member states was made in only three countries (the Bahamas, Jamaica and Trinidad and Tobago in ascending order of importance) Energy-related industries, minerals and tourism are significant sectors for extra-regional FDI For example countries such as Bahamas, Barbados, Dominican Republic and Jamaica attract an important amount of extra-regional FDI in the tourism sector. See Caribbean Trade and Investment Report (Caricom Secretariat, *Caribbean Trade and Investment Report 2005*, Georgetown, 2005).

⁴⁹ Since foreign companies, as shown in the study conducted in Trinidad and Tobago, have a greater awareness of the strategic implication of CSR, different patterns of CSR could arise depending on which sector FDI are concentrated. For example the study in Trinidad and Tobago showed that, while sectors such as the Energy and Related industries and the Financial were increasingly using CSR as a strategic investment and differentiation strategy, others such as the Manufacturing, Distribution and Construction and Relate industries were still concentrating their social engagement in the areas of charity.

⁵⁰ In fact, cross-sector differences in the patterns of CSR expenditure were evident only among large companies. For example a sector-specific analysis of the data from the study conducted in Trinidad and Tobago shows that the 16 companies from the Energy and related industries that disclosed financial information contributed for over 50% of the total money spent in social and environmental programmes, while the 10 from the Tourism sector contributed for less than 2%. On the other hand a key element explaining the limited degree of heterogeneity of CSR practices across different sectors is certainly the lack awareness among local companies, and SMEs in particular, of the strategic implications of CSR. In addition, also the perceived demand for certain CSR activities plays a key role, as revealed by the very different engagement on environmental issues by the Tourism sector in Jamaica and Trinidad and Tobago.

an accurate analysis of the key sectors driving the economy has non-trivial implications for an evidence-based policy planning towards increase the effectiveness of CSR as a development tool. In addition, the agricultural sector still plays an important role in several countries of the region⁵¹ and, while none of the three studies was able to assess the practice of CSR in the agricultural sector, due the marginal contribution to the countries GDP, this sector provides a wide range of possible implementation areas for CSR, ranging from labour standards to organic products.

Finally, one recent trend might open the way for a new era of external CSR programmes at the regional level: the surge of Trans-Caribbean Corporations (TCCs). Recently there has been an increasing number of TCCs particularly in the financial sector (banking and insurance), followed by other sectors such as tourism, distribution and manufacturing, food and beverage, cement, airline and finally shipping transport.⁵² The study conducted in Trinidad and Tobago showed that the TCCs in the sample, which came from the financial, fast food and distribution sector, were among the largest CSR contributors and, while they previously focused in the home country, they recently started a regional CSR programme. Therefore, the practice of CSR among TCCs at the regional level should be investigated further.

In conclusion, there is a need for extending the study conducted in Trinidad and Tobago to include Jamaica, Barbados, Guyana, and the sub-region, i.e. the OECS states. It should focus on MNCs, TCCs and local companies, including SMEs and the Agricultural sector, to assess their actual and potential level of engagement in CSR activities and the resources – human and financial – devoted to CSR programmes. This type of research is crucial for an evidence-based policy planning at the regional level involving governments, business associations and CSOs to mainstream the CSR agenda and make the private sector a key promoter of sustainable development.

Taking action

To overcome the lack of local ownership and the existing gaps in the practice of CSR in the region which have been highlighted in the paper, three *Strategic Drivers of CSR in the Caribbean* should be considered: (i) *Enabling Elements*, (ii) *Structural Elements* and (iii) *Making the Business Case for CSR*.

The *Enabling Elements* are elements which can increase the level and effectiveness of CSR regardless of the geographical location.

The first *Enabling Element* is the involvement of the Public Sector. Ward (2004) identified several roles of the Public Sector in underpinning CSR.⁵³ In a time when numerous countries in the Caribbean are adopting innovative development policies, Governments have the opportunity to engage the private sector to align CSR practices with domestic priorities and to localize CSR policies from large MNCs so that they are rooted in local sustainable development concerns and not imposed from

⁵¹ In the region there are at least two countries which have a predominantly agriculture-based economy (Guyana and Haiti) while agriculture represents an important contributor to GDP also in Guatemala, Belize and Dominica.

⁵² Intra-regional investment accounted for around 10% of total FDI inflows to CARICOM Member States Trinidad and Tobago is by far the leading regional investor country, followed by Barbados and Jamaica, while the main destination countries have been Jamaica, Barbados, the OECS and Belize, Guyana and Suriname. The headquarters of the trans-Caribbean corporations are mainly in Trinidad and Tobago and, to a lesser extent, Barbados (shipping) and Jamaica (predominantly hotels and tourism). With respect to non-equity investment, construction companies out of Trinidad and Tobago are engaged in providing services to the region and some firms in the areas of law, architecture, and accounting also provide cross-border services. Finally, certain fast food firms from Barbados and Trinidad and Tobago use their brand name to franchise operations in other Caribbean countries.

⁵³ These are: (i) mandating (i.e. establishment and implementation of minimum environmental and social standards and other laws, regulations and penalties), (ii) facilitating (i.e. incentives, setting clear overall policy frameworks and positions to guide business investment in CSR, regulations on transparency and disclosure, advocacy), (iii) partnering (i.e. public-private partnerships to leverage complementary skills and resources to tackle issues within the CSR agenda) and finally (iv) endorsing (i.e. showing public political support for particular kinds of CSR practice, promoting specific award schemes and the adoption of guidelines and standards; and leading by example, such as through public procurement practices).

above by “fourth party” stakeholders. As highlighted by Jones (2003), fiscal incentives and regulations should also be explored as tool to increase the companies’ engagement in CSR.

The second are CSR tools, guidelines and standards, which provide an essential support for the companies in the planning and implementation of CSR. The access and awareness of these instruments by local companies in the region should be increased to facilitate their engagement in CSR.⁵⁴ In addition, the increasing focus on international standard makes CSR an inescapable obligation for local companies in the Caribbean in order to access the global market.⁵⁵

The third *Enabling Element* is the local demand for CSR. There is a need to improve people’s awareness of the ethical practices associated with products on the market, an issue that is often overlooked in many developing countries because of a lack of consumer advocacy and the general absence of consumer associations.⁵⁶ The presence of a contractors’ demand for ethical products and services and ethical funds also exerts attractiveness for companies to integrate CSR in their practices.

Finally, the civil society is a key player in the CSR process, both as a partner and as a watchdog of private companies. With respect to the first aspect, there is the need to create and share spaces and opportunities for the private sector to work with and contribute to community and civil society driven projects and strengthen civil society to liaise with the private sector in partnership opportunities.⁵⁷ With respect to the second aspect, with their presence on the ground CSOs should strengthen their capacity for supervising the projects, increasing the transparency and information disclosure, in order to reduce the asymmetry of information between what private companies market and what they actually do.

The *Structural Elements* are elements which are specific of the Caribbean regional and which should be adequately capitalized to increase their impact in the development of the practice of CSR.

First of all, this study showed that large MNCs are leading the way in CSR in several countries of the region but their contribution to national development could be further enhanced through practices such as supply-chains development, local content development policies and expanding their areas of intervention beyond the fence-line communities to include areas such as disaster recovery and alternative energies.⁵⁸ In addition, the international standards practiced by these companies can affect the CSR practices of local suppliers and contractors, provided that the same standards are applied to the headquarters and the subsidiaries.⁵⁹ However, while the contribution of MNCs to the development of CSR is evident for some countries, there is still an open mark on its possible role at the regional level.

⁵⁴ For example, the UN Global Compact (UNGC) can be used as an overarching international framework that enables business corporations and social business enterprises to move beyond voluntary compliance with CSR practices.

The fact that in Argentina the number of companies that are signatories to the 10 principles of the UNGC increased from 1 organization to 222 during the official launching of the initiative (Peinado-Vara, 2004) shows how the UNGC can exert a great attractiveness to companies, ensuring greater local ownership and participation.

⁵⁵ In 2008/2009 the ISO will publish the ISO 26000, a guidance standard on Social Responsibility.

⁵⁶ In recent times, some countries such as Trinidad and Tobago, Barbados, and Jamaica have established Fair Trading Commissions and appropriate consumer legislation to correct these deficiencies.

⁵⁷ For example a regional database for CSOs could provide an excellent exchange market for CSOs and the private sector. The inclusion of financial information on the projects undertaken would increase the reliability of these organizations as possible counterparts, addressing the current lack of trust highlighted among the conclusions.

⁵⁸ The government has a key role in setting standards for MNCs, providing guidance on possible areas of interventions. This role of the Government is well accepted in the economic doctrine. For example Boone (1995) clarifies that: “a country which imports all the products of the markets concerned has an incentive to raise its minimum quality standards as long as both firms enter the market in the country because their consumers can realize a higher surplus whereas the diminished profits leave the country anyway”.

⁵⁹ A survey conducted in 2002 by the National American Manufacturers (www.nam.org) showed that the direct positive impact of these companies on labour and environmental standards in the broader policy context can be more effective than punitive actions, for example trade sanctions, against developing country governments.

The second *Structural Element* is the increasing number of Trans-Caribbean Corporations (TCCs). Differently from large MNCs, these companies are concentrated in the countries endowed with some specific resources, but are quite spread all over the region. Therefore countries should capitalize on the increasing engagement of TCCs in CSR programmes at the regional level, as highlighted in Trinidad and Tobago, directing these efforts to regional development priorities. With the provision of an adequate framework and incentives, this trend could lead to a progressive alignment also in the internal CSR across the region, overcoming the existing differences due to country-specific elements. Other institutions could play a key role to facilitate this process, such as the Caribbean Association of Industry and Commerce (CAIC), providing a regional forum for the discussion and implementation of common CSR standards, or regional umbrella organizations for CSOs, establishing common registration requirements across different countries.

Finally, the third *Structural Element* are SMEs. There are approximately half a million SMEs in the region which employ around 70% of the total workforce⁶⁰, therefore the issue of SME needs some further consideration. In fact, CSR as such is often seen as the natural territory of medium and large enterprises, while SMEs' social investment is usually more targeted towards sponsorship and charity contributions, and the study in Trinidad and Tobago confirmed a very limited engagement of SMEs in CSR practices. However, while it is true that SMEs experience various constraints that limit their capacity to engage in CSR, a recent study by the European Commission (2006) pointed out that "attitudinal barriers are more important in explaining the inactivity of SMEs in socially responsible activities than lack of resources (lack of money/time)".⁶¹ Finding adequate ways to remove these barriers would be of crucial importance for the region since, due to their high labour-content, even a minimal improvement in their internal CSR practices would have a great impact on the living conditions of millions of households.

This leads us to the final strategic driver, *Making the Business Case for CSR*. The research has revealed that companies that are more aware of the strategic implication of CSR and of its capacity to strengthen the business plan increase the level and effectiveness of their CSR. In addition, it has also a positive impact on the long-term sustainability of the programmes undertaken (UNDP, 2005). Therefore raising the awareness of the value and benefits of good corporate social behaviors and strengthening the capacity of firms to include CSR in their business planning on strategic lines should be in the first place in the agenda of regional organizations and industry associations, as a powerful mean to increase the local ownership of CSR, including SMEs.

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⁶⁰ Organization of American States (OAS) statistics.

⁶¹ European Commission, European SMEs and Social and Environmental responsibility, *Observatory of European SMEs*, 2002, No. 4, p. 17.

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ANNEX

Summary of the main findings of the country-studies

TABLE 3
EXTERNAL CSR AND PROGRAMME PLANNING IN TRINIDAD AND TOBAGO

Questions	All	Excluding Energy	SMEs	
Companies involved in social and environmental programmes	98%	97%	98%	
Classification of programmes from a budgetary perspective	Marketing and PR	20%	26%	14%
	Charity/Donations and Sponsorships	42%	56%	62%
	Corporate Social Responsibility	12%	6%	0%
	Community development	20%	15%	17%
	Miscellaneous/Non specified expenditure	8%	11%	14%
Pre-assigned annual allocation for these programmes	60%	49%	36%	
Company has identified its stakeholders	92%	90%	87%	
Stakeholders have been consulted to assess the development priorities and areas of intervention	58%	52%	50%	
Consideration local needs in the planning process	76%	73%	60%	
Feedbacks from identified stakeholders are taken into consideration	59%	54%	51%	
Social and environmental programmes are aligned with on going company policies and products	72%	66%	55%	
Company engaged in partnerships	71%	66%	55%	
Company undertakes formal impact assessments of social and environmental programmes	18%	8%	7%	
Benefits derived from the social and environmental programmes undertaken	Improve branding and image	51%	43%	47%
	Increase sales/market share/access to capital	20%	19%	21%
	Licence to operate	5%	0%	0%
	Long term relationship with stakeholders	20%	10%	15%
	Increase employee loyalty/potential labor pool	19%	2%	11%
	Goodwill and corporate citizenship	24%	24%	25%
	None	19%	24%	33%

**TABLE 4:
INTERNAL CSR PRACTICES IN TRINIDAD AND TOBAGO**

CSR practices with the workforce	All	Excluding Energy	SMEs
Monitor compliance with labour laws	94%	93%	92%
Health and Safety policy in place	82%	77%	72%
Health and Safety policy enforced	91%	90%	90%
Provision of programmes for employee/management training and development	91%	89%	85%
Provision of employee programmes for succession planning	60%	54%	37%
Provision of employee programmes for work life balance	52%	43%	25%
Provision of programmes for ethics training	52%	44%	42%
Employee assessment programmes	72%-82%	69%-77%	67%-72%
Provision of Employee Assistance Programmes (EAP)	67%	62%	55%
CSR practices in the area of environment	All	Excluding Energy	SMEs
Monitor environmental laws	74%	64%	67%
Adoption of a precautionary approach to environmental challenges	81%	76%	72%
Educating employees on the potential impact of their activities on the environment	60%	49%	44%
Adoption of initiatives to promote greater environmental awareness and preservation	66%	55%	54%
Implementation of waste reduction programmes	50%	52%	45%
Environmental Management Systems (formal/informal)	56%	43%	37%
Achievement of international environmental certification	24%	11%	15%
Company believe that environmental certification could bring competitive advantage	70%	64%	62%

TABLE 5
PROFILE OF CSR PROGRAMMES IN BARBADOS (SUMMER CLASS SUMMER CLASS OF
2007, UWI, CAVE HILL CAMPUS

Corporation	CSR Projects	CSR Reports
RBC (Barbados)	Donations to culture, apprenticeship programmes, sports	2006
C&W (Barbados) Ltd.	Donations to projects in education, health, sports (18 yrs cricket), community development (15yrs NIFCA)	
E&Y (Barbados)	Community outreach (Optimist Club/2000), Internship awards, sponsorships and donations	
FirstCaribbean Int.	Scholarship programmes, UWI partnership programme, adopt-a-cause programme, Unsung Heroes programme (2003), community and entrepreneurship programme	
KPMG (Barbados)	Barbados Jazz Festival, UWI annual scholarships, Adopt-a-school programme, Make a Difference Day Initiative, donations of cash to less fortunate citizens, internship programmes at UWI and SJPP.	
RBTT	Arts and culture, adopt-a-school programme, Peace and Love in Schools (J'ca), sport, environment, community outreach (NGOs, CBOS)	
Barbados Ice Co. Ltd.	Charity	
Barbados Salvation Army	Spiritual upliftment, feeding programmes, men's hostels, shelter for disaster victims, thrift shop, League of Mercy, Youth Education Centre, prison ministry	
L&W Fish Processors Inc.	Charities	
Soroptimist Int. of Barbados	Social activities	
Barbados Red Cross	Meals on wheels programme, HIV/AIDS prevention programme, ambulance service, youth commission & youth links	
BCA/BCL	Cricket training	

The contribution of women to the economy and social protection especially in relation to unpaid work performed by women in the Caribbean

Sheila Stuart

Abstract

This paper examines concepts of unpaid work as performed by women, the care economy and time use. It seeks to provide linkages between reproductive and productive work, the importance of such work for economic and social development and women's participation in decision-making. The concepts of "public" and "private" are explored from the gender perspective.

Reference is made to international agreements relating to unpaid work by women, in particular the BPFPA, the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) and agreements of the International Labour Organisation (ILO) which include articles relating to gender equality and maternity and paternity rights. In addition, reference is made to the incorporation of these mandates within the constitutions and legal frameworks of countries in the subregion.

A. Introduction

There is a direct link to women's lack of access to power and decision-making in the invisibility of their contribution to the economy through the unpaid domestic work they perform on a daily basis in the home and community. The 1999 United Nations Development Programme (UNDP) Human Development Report addressed the issue of care and the global economy, linking the care economy to the invisible heart, and the often neglected care and caring labour necessary for the economic development of societies. *"The task of providing for dependants, for children, the sick, the elderly, and (do not forget) all the rest of us, exhausted from the demands of daily life. Human development is nourished not only by expanding incomes, schooling, health, empowerment and a clean environment, but also care. And the essence of care is in the human bonds that it creates and supplies. Care, sometimes referred to as social reproduction, is also essential for economic sustainability."*

An important and yet unrecognized aspect of women’s contribution to economic development of the subregion is in the area of food security, through their involvement in food production – where women are responsible for kitchen or backyard gardens which for decades have provided food for their families, friends and the community. In addition, women have been involved in cottage industries, garment making/needlework, and the vending of fish, agricultural and other food products. It is Caribbean women who have been responsible for intraregional transportation of food – though this activity is now dwindling.

Today unpaid work needs to be recognized, especially for understanding the contribution of women to the national economy and for assuring women better living conditions. The only Caribbean country to recognize women’s unwaged work is the Republic of Trinidad and Tobago in 1996. This achievement was the result of ongoing advocacy by the women’s movement in that country, particularly the work of the National Union of Domestic Employees⁶² (NUDE), which was in the forefront of advocating for government to count women’s unremunerated work. NUDE is also affiliated to the International Wages for Housework Group which stressed that all women do housework – a job for which they receive no money. The Wages for Housework campaign linked the powerlessness of women to their lack of money.

The Counting Women’s Unremunerated Work Bill was introduced into Parliament by Senator Diana Mahabir-Wyatt in February 1995, as a private members Bill as an act to “*require the Central Statistical Office and other public bodies to produce and maintain statistics relative to the counting of unremunerated work and to provide a mechanism for quantifying and recording the monetary value of such work.*” The Bill was expected to take into account and give value to a wide range of domestic tasks including agricultural work, care-giving of the sick, the disabled, the elderly and very young; work carried out in and around households; unpaid “Social Safety Net” work, and work carried out by both men and women in Non-governmental Organizations, *not as part of the overall GDP but, hopefully, parallel to it, to recognize the value of the work that is being given to society.*”⁶³

In addition to the limited legislative and constitutional provisions which recognize and value the care work performed by women, feminist and gender and development literature have also helped to contribute to our understanding of the relationship between the household and the role of women in the economy or, more specifically, women’s role in the labour force. This literature has provided a critique of the private and public spheres of women’s lives, in which the household is presented as the private domain to which women are relegated as opposed to the public spheres of the economy and polity which is seen as the almost exclusive domain of men. Feminist economists have redefined the sphere of economic enquiry by emphasizing the concept of the provisioning of human life which encompasses all the tasks that women undertake to maintain human life.

B. Historical overview

Twelve years after Beijing and three years following the last review, not much change has occurred with respect to the recognition of women’s contribution to the economy. There continues to be lack of equality because of the unequal sharing of reproductive work between women and men, and the invisibility of women’s work continues – despite commitments to CEDAW, BPFA, the Millennium Development Goals (MDGs) and numerous recommendations emanating from subregional forums on the promotion of gender equality. Research on methods to strengthen the definition and the implementation of counting women’s unpaid work is greatly lacking in the subregion.

⁶² Ms. Clotil Walcott of Trinidad and Tobago, was the founder of the first trade union for domestic employees in Trinidad and Tobago – the National Union of Domestic Employees (NUDE).

⁶³ Parliamentary Debates of the Republic of Trinidad and Tobago, Tuesday, 7 February 1995 – 1453.

Historically, gender mainstreaming gained currency from the Third World Conference on Women, held in Nairobi in 1985, which called for the recognition of women's unpaid work. Areas identified for action were:

- (a) The recognition of the extent and value of women's unpaid work, inside and outside the home;
- (b) Inclusion of women's paid and unpaid work in national accounts and economic statistics;
- (c) The sharing of domestic responsibilities;
- (d) The development of services, to reduce women's child-care and domestic workload, including introduction of incentives to encourage employers to provide child-care facilities for working parents; and
- (e) The establishment of flexible working hours to encourage the sharing of child-care and domestic work between parents.

Paragraph 206 of the Beijing Platform for Action calls for "Actions to be taken by national, regional and international statistical services and relevant governmental and United Nations agencies, in cooperation with research and documentation organizations, in their respective areas of responsibility, specifically to: Develop a more comprehensive knowledge of all forms of work and employment by:

- (a) Improving data collection on the unremunerated work which is already included in the United Nations System of National Accounts, such as in agriculture, particularly subsistence agriculture, and other types of non-market production activities;
- (b) Improving measurement that at present underestimates women's unemployment and underemployment in the labour market;
- (c) Developing methods, in the appropriate forum, for assessing the value, in quantitative terms, of unremunerated work that is outside national accounts, such as caring for dependents and preparing food, for possible reflection in satellite or other official accounts that may be produced separately from but are consistent with core national accounts, with a view to recognizing the economic contribution of women and making visible the unequal distribution of remunerated and unremunerated work between women and men;

Calls were also made for the introduction of policies to promote harmonization of work and family responsibilities for women and men.⁶⁴ In 2004 Caribbean governments, in preparation for the Ninth Regional Conference on Women in Latin America and the Caribbean, adopted a number of recommendations aimed at strengthening the process towards the attainment of gender equality, social justice and development in the subregion with particular reference to:

- (a) Continuing to collect and examine data on women's and men's unwaged work as a contribution to the domestic economy;
- (b) Strengthening the gender framework (including time use surveys) within the methodology for poverty assessment in the subregion in order to capture the differential impact of poverty on women and men; and
- (c) Reviewing and examining the policies and laws in order to enhance provisions for child support and maintenance in so far as the vulnerability of women and the households that they head is integrally linked to women's disproportionate responsibility for child care.⁶⁵

⁶⁴ Beijing Platform for Action.

⁶⁵ Accelerating Gender Equality. Report of the Technical Meeting of National Mechanisms for Women; and Fourth Caribbean Ministerial Conference on Women: Review and Appraisal of the Beijing Platform for Action. 11-13 February 2004.

Twelve years after the Beijing Conference a vital achievement has been the decision of the Statistical Conference of the Americas of ECLAC to include gender statistics in the working programme, but many of the agreed actions remains to be taken, especially in relation to time-use surveys. These surveys focus on the frequency and duration of human activities and attempt to measure the different ways in which people use their time during a 24-hour period. A primary motivator for the conduct of time-use surveys is a growing recognition that traditional statistical methods, such as national censuses, undervalue women's contributions to the economy.⁶⁶

In the Caribbean there is definitely an urgent need for counting women's unwaged work. The overwhelming responsibility of Caribbean Community (CARICOM) women for unwaged caring work both explains and masks their poverty. It is masked or invisible because it forces poor women to search for avenues for making money whether via the formal or informal sector or via remittances or male financial assistance.

There is also need to quantify the value of housework to the economy. The findings of a recent survey in the United Kingdom indicated that if housework was paid, it would be worth an estimated 700 billion British pounds. The Caribbean subregion is still to undertake a comprehensive time use survey of households to calculate the monetary value of unpaid housework to the economy.

C. Women and care work

One of the most enduring facts of life is that assumptions and beliefs about the roles that men and women perform in society (as breadwinners and mothers/caregivers) remain universal and entrenched. Despite advances in the status of women and their entry into the paid labour force, women's central life interest continues to be viewed as being more focused on the traditional family life, what Barriteau⁶⁷ refers to as the ideological relations of gender, where the cultural specific construction of what it means to be a 'man' and a 'woman' in a given society remains stubbornly unchanged.

Mark Figueroa⁶⁸ identifies what he coins as gender privileging to the socio-economic outcomes and status of males and females in Caribbean society. Gender privileging is defined as a system of rights, exemptions, advantages and impunities enjoyed by one gender over the other and which gives one gender control over or access to expanded social space, resources, prestige and/or power.

In the context of the subject matter of this paper, it could be argued that the male gender has generally been privileged in the public sphere, where they dominate the public social space (males in work outside the home; males socializing in public spaces; males in soldiering), whereas there has been a privileging of the female gender in certain facets of the domestic private sphere (females in domestic work; females in childrearing). This translates into *the fact that boys, young men and indeed older men have the right to be in the streets day and night while they female relatives tend to be confined to the home.*

However the *privileging of the female gender with respect the domestic sphere does not in general bring with it a gender privilege for women in the public sphere.* Without getting too much into a theoretical discussion, the underlying thesis is that there is privileging of the female gender when it comes to domestic tasks such as washing, cleaning and cooking in the home, which is taken for granted as appropriate to the female gender. *It is not gender inappropriate for a female to put a man*

⁶⁶ See Joyce Mary, Stewart Jay, "What can we learn from time-use data?", in *Monthly Labour Review*, Bureau of Labour Statistics of the U.S. Department of Labour, Washington D.C., August 1999, pp. 3-6.

⁶⁷ Violet Eudine Barriteau, 2002. *Understanding Relations of Gender in Contemporary Barbados*. UWI Centre for Gender and Development Studies. Paper presented to the National Advisory Council on Gender, Barbados.

⁶⁸ Mark Figueroa, 1998, *Gender Privileging and Socio-Economic Outcomes: The case of Health and Education in Jamaica*, in *Gender and the Family in the Caribbean*, Proceedings of the Workshop "Family and the Quality of Gender Relations" 5-6 March 1997, Edited by Wilma Bailey. ISER, UWI, Mona, Jamaica.

out of the kitchen or indeed the house if she is cleaning or in certain circumstances to direct him on the clothes he may wear.

This privileging of the female in the domestic sphere is closely linked to the historic under-privileging of the female gender, which precludes them from exercising power in the public sphere. Control of the public space translates into control of the market economy by the males, who have the ownership and control of wealth, higher incomes and the ability to spend a larger portion of their incomes on themselves. In stark contrast, females have less access to income and control of wealth, and any money they earn is spent first on food and clothing for their children and other family members, leaving very little for them to spend on themselves. In fact women's access to the labour market is severely affected by their reproductive work, thus limiting their access to economic resources.

The nature of women's and men's participation in the labour force is also very different. Women still have to reconcile family responsibilities and market work and they are employed in different jobs and occupation than men, often with lower wages. Women have engaged in the less formal types of work, working as unpaid workers in family businesses, in the informal sector or in various types of household economic activities. They continue to receive less pay than men. Official statistics on home-based work are scarce and its importance is grossly underestimated. Today the major factor still influencing gender-based differentials in the labour market is the division of work within the household and the time spent in the unpaid work. Women continue to spend more time on unpaid work than men.

According to the ILO, women throughout the world are primarily responsible for the care of family members and household tasks and therefore face greater constraints than men in terms of the amount of time and effort they can put into paid employment and productive work. In developing countries, there is still considerable reliance on the extended family – usually women and girls – for care of children, the sick and the elderly, and few public or private services have emerged in response to the increasing demand for care.

D. Defining unpaid work

I am referring to domestic work which is necessary for the sustenance of life and health, to the care of the elderly, to the care of the handicapped, to childbearing, child-rearing, the socialization of children, the teaching, the feeding, the transporting, all that essential, emotional and psychological work which goes into developing people so that they become productive members of society, rather than unproductive and antisocial. All this work has traditionally been women's work.⁶⁹

Caribbean feminist research has explored the interactions between gendered divisions within the household and the labour market in an effort to dispel the artificial closures which ignore the interplay between domestic, family and community life. There has been much speculation that the need of the Caribbean woman for employment is caused by her major responsibility for family welfare, whether as heads of households or as secondary income earners, brought about by the increase in single parenting; the increased cost of living which demands the employment of two persons to support the household and the fact that it is now common for women to work outside the home.⁷⁰

⁶⁹ Senator Diana Mahabir-Wyatt as recorded in the *Hansard* of Trinidad and Tobago during the debate of the Counting Women's unremunerated work bill in 1995-1996.

⁷⁰ Stuart, Sheila. *Demystifying Gender and Economics: The Role of Women in the Economies of the Caribbean*. 1996. Paper presented to the WCC/CCC Consultation on Economic Justice for Women. Antigua and Barbuda.

Available literature refer to domestic work⁷¹ or housework as *unpaid or unwaged or unremunerated work*⁷², and all agree that this work is performed predominantly by women in their own homes, and while it primarily involves the care of children, is not limited to childcare but involves a wide range of activities. The literature identifies many different types of unpaid work, such as: (i) unpaid domestic work; (ii) unpaid subsistence activities; (iii) unpaid family work; (iv) unpaid work in paid workplaces; and (vi) volunteering.

The unpaid domestic work tasks performed by women for their households and families include preparation of meals, cleaning, clothing care, gardening, home maintenance and management, care for children and adults, and in some instances the provision of unpaid help to other households. It also includes shopping or obtaining services, and unpaid work in family businesses. It is important to underline that each category of work performed includes a subset of tasks, for example, unpaid subsistence activity is another kind of unpaid work, performed predominantly by women, and includes activities such as cultivation of vegetables, fetching wood and water and the care of livestock animals.

Volunteering which represents another category of unpaid work is often performed for persons that are not family members. It means both work done for formal non-profit organizations and care provided in an informal way by individuals for other individuals. Volunteer work is varied and extensive. It includes caring for neighbours, forming community groups and institutions, advocacy, helping out in political campaigns, working with people in or leaving prison, agriculture work community gardens, international producing theatre and arts, counseling and education. In the Caribbean, women also perform unpaid labour in the agricultural sector, and yet continue to have more responsibilities than men in the household, which reinforces women's marginalization and contributes to the gendered dimension of poverty.⁷³

As mentioned in the introduction to this paper, the NUDE in Trinidad and Tobago, and the International Wages for Housework advocacy group, called repeatedly for an analysis of women's workload and lack of income emphasizing that women's workload was continually expanding yet they received the lowest wages. The call for the inclusion of women's unpaid work either in the Gross Domestic Product, or in a "Satellite Account" of each country in the subregion is seen as one of the most concrete ways of supporting women's fight against poverty.

The Government of Trinidad and Tobago stands alone as the only Caribbean State to pass legislation to Count Women's Unremunerated Work in 1996. The Counting Women's Unremunerated Work Bill was first introduced in February 1995, as an Act to "*require the Central Statistical Office and other public bodies to produce and maintain statistics relative to the counting of unremunerated work and to provide a mechanism for quantifying and recording the monetary value of such work.*" The Bill was expected to take into account and give value to a wide range of domestic tasks including agricultural work, care-giving of the sick, the disabled, the elderly and very young; work carried out in and around households; unpaid "Social Safety Net" work, and work carried out by both men and women in Non-governmental Organizations, *not as part of the overall GDP but, hopefully, parallel to it, to recognize the value of the work that is being given to society.*"⁷⁴

⁷¹ The concept of domestic work has been variously referred to as housework and/or domestic labour and these terms are used interchangeably in this paper to refer to work in the domestic economy, also referred to as the care economy or reproductive work.

⁷² It is argued that the time devoted to housework limits women's opportunities to earn wages or salaries in the formal labour market.

⁷³ www.unpac.ca (February 2007).

⁷⁴ Parliamentary Debates of the Republic of Trinidad and Tobago, Tuesday, February 7, 1995 – 1453.

E. Social services

Another aspect of the unpaid work performed by women is best described as an extension of the social services that should in essence be provided by the State. This was magnified during the period of structural adjustment, when a greater burden was placed on women to provide social services once provided by the State which mirrored the unpaid care work carried out at the domestic level, for example, health care and other unpaid community services. This trend has continued over the last decade and has been exacerbated by the growing Human Immuno-deficiency Virus (HIV) and Acquired Immune Deficiency Syndrome (AIDS) epidemic.

The additional burden of care caused by the impact of HIV-AIDS in most countries of the Caribbean has added not only to the unpaid workload of predominantly older women, but it has also added to their poverty. These grandmothers and other relatives are increasingly being called upon to take care of their sick children and/or spouses and are often left to look after the orphaned grandchildren when parents afflicted with the disease die.

In many instances women are the ones looking after family members with AIDS-related illnesses because of the lack of hospital beds or because of the stigma and discrimination associated with the disease, which again makes this unpaid work very invisible. Further, women are likely to fall victim to poverty when the male head of household falls ill, leaving them to bear the burden of caring for orphaned children. Further, the loss of income is often the catalyst for women to seek other sources of income, whether legitimate or illegitimate.

This and other responsibilities underscore the myriad of social services provided by women at all stages in their lifecycle and for which they receive no payment or economic reward. In this regard, women contribute to what are very weak and inadequate social service delivery programmes and in no small measure to social protection.

F. Survival strategies

The gradual erosion of women's livelihoods in the agricultural sector as a result of trade liberalization policies have resulted in severe economic hardships for women as countries in the subregion battle with declining economic growth. Many women have been forced to adopt their own survival strategies, many of which are yet to be documented. The available studies point to an escalation in the informalisation of economies, the steady contraction of already inadequate social services, lack of a comprehensive welfare system, and negative fall-outs from the loss of preferential markets for their agricultural exports brought about by the global trade.

Women who once played a key role as marketers of agricultural produce in the domestic food marketing system and the inter-island or intraregional trade are now faced with a growing number of challenges which militate against their economic activity in this sector. The two greatest challenges are: (a) the increasing importation of agricultural produce, leading to a reduction in the domestic market for local produce, but which also impacts significantly on the lowering of income for family-sized producers who are forced to sell at lower prices in order to compete; and (b) the diminished markets for primary goods as a result of the removal of preferential markets, particularly for bananas.

In the aftermath of the sleuth of economic reforms, strict monetary policies and the elimination of barriers to the movement of goods have had a corrosive effect on the lives of Caribbean people, especially on women who have been forced to find new strategies for survival in order to feed their families. The unequal gender relations within this changing process also means that women are more disadvantaged than men.

These challenging economic circumstances have led to an increased involvement in risky '*employment activities*' by women as an alternative means of survival. These activities include an increase in migration and drug trafficking, commercial sex work and involvement in the cultivation

and marketing of illegal drugs. Women as heads of households who no longer have access to legitimate work avenues face lives of acute poverty leading many to take desperate actions as they struggle to ensure an everyday survival for their children.

The available information points to the fact that even in this sphere of illegal activity, there is blatant exploitation of women, their labour, their sexuality and their time which urgently needs to be further investigated. A growing number of women are prepared to swallow pellets of cocaine filled packets, (risking their very lives) and board a plane to travel intra and extraregionally in exchange for money to feed, clothe and educate their children or to make improvements to their social situation. Some women engage in this risky activity in order to meet the costs of taking care of family members, while others are coerced into this activity by gangs.

While information on this clandestine activity is still to be researched, anecdotal information reveals that the majority of women who engage in illegal activities are typically poverty-stricken and are often in a desperate state. For example, most of the ‘drug mules’ who end up in prisons in foreign countries leave children in their home countries, who are often forced to fend for themselves as the majority of drug couriers are single mothers. "Their main worry is their children, who have been left with mothers or sisters or friends, and how they can keep in contact with them."⁷⁵

At the other end of the spectrum is the growing numbers of women, displaced from the legitimate agricultural sector and economy who are now engaged in the cultivation and marketing of illegal drugs as a means of supporting their families.

Another important factor in this complex maze of economic dependency that helps to push poor women into situations which make them vulnerable to HIV infection is the lack of employment opportunities and their sole responsibility for family, childcare and other dimensions of the domestic workload, which have forced many women and girls to resort to direct and indirect sex work as a survival strategy. The gender-power relations are such that it is usually men, not women who are the decision makers in sexual relationships. The power disparities include access to material and financial resources which makes it extremely difficult, if not impossible for a woman to negotiate for safer sex practices with her partner, especially if she is financially dependent on him.⁷⁶ In this respect transactional sex (usually unsafe) is exchanged for money and/or other necessities.

Unfortunately it is complex and untenable situations such as these described here which subject many poor women with family responsibility to exclusion, vulnerability and in some instances societal ostracism. In situations where there is pressure to feed her children, risk-taking by the sex worker may assume secondary importance:

“When you are hustling in order to feed yourself and your children, the extra money that a man offers for unsafe sex lets you take the chance and forget about any disease⁷⁷.”

G. The informal sector

The informal sector represents a significant component of the economic structure of many developing countries and in many instances represents an important provider of employment and economic opportunity⁷⁸ which, though central to the economy, often remains invisible. The informal sector has always been an avenue of employment for Caribbean women and has traditionally been regarded as the domain of women without a regular paid job or those who cannot survive on income from a male breadwinner.

⁷⁵ The United Kingdom-based Hibiscus Project, which works with Jamaican Prisoners and their families.

⁷⁶ See Stuart, 2000.

⁷⁷ See Antonius-Smits, Christel C.F., Juanita Altenberg, Teersa Burleson et al. 1999.

⁷⁸ UN-ESCAP. 2006. Project Document on Inter-regional Cooperation on the Measurement of Informal Sector and Informal employment.

These women have used a variety of subsistence activities to provide for their families including agricultural work in backyard gardening and the rearing of animals for family and sometimes community consumption, as well as other marginal economic projects and unpaid work in the home on the periphery of the cash economy.

This sector has expanded rapidly in the last two decades in response to the changing economic environment including the structural adjustment policies and other economic upheavals such as natural disasters and the loss of much of the export manufacturing sector, which employed large numbers of women in the export processing offshore operations, and the loss of the banana industry in the Windward Islands.

More and more women and men, who have no other avenues for employment, crowd into the services sector of the informal sector, particularly in the tourism sector operating in such areas as street vending, operating taxi services, selling food or other commercial goods and domestic work.

In many respects the avenues for economic sustainability for women are being shaped by the demands of the shifts in the global economy. For example, the subregion has witnessed a decline in the female hucksters and the inter-island trade in agricultural trade which once dominated an estimated 80 per cent to 90 per cent of the inter-island trade in agricultural goods and fuelled a vibrant informal economy.⁷⁹

Further informal work is unprotected work and falls outside the mainstream of social protection, much needed by poor families to advance their social and economic development. Increasingly, informal work has expanded to work in the cash economy, characterized by the move from street vending and such operations to more sophisticated trading and marketing in unregistered small businesses which are not taxed.

Informal work nonetheless contributes substantially to the economy and national accounts, but there is no accurate measurement of this contribution in official statistics. Without the official statistics, alike the uncounted unpaid domestic activities, “*estimates of female participation rates could be implausibly low, GDP significantly underestimated and the share of population living below the poverty line overestimated.*” The lack of data also impacts on the formulation and implementation of evidence based policies and programmes which seek to promote gender equality and eliminate child labour and poverty.

It is this dearth of information on the measurement and dimension of activities in the informal sector and its impact on social and economic development that has led the ECLAC Subregional Headquarters for the Caribbean to embark on a research project aimed at raising public awareness and improving the availability and analyses of data on the informal sector – including employment, and the contribution to GDP. It is anticipated that the availability of data on the informal sector and informal employment will improve data on women’s economic participation and facilitate the development of more adequate measures of gender equality and women’s economic empowerment. In addition, more reliable information will be generated on the *relationship between informal economic activities and poverty, gender inequalities in economic opportunities and participation, and the need for promoting decent work for all workers.*

H. Migration and the Caribbean transnational family

Another survival strategy adopted by Caribbean women in search of better economic opportunities is that of migration. In fact, Caribbean peoples out of sheer economic necessity have migrated both internally and externally for decades, which is another critical factor in the formation of female headed households. However migration has also been responsible for the formation and structure of triangular family links

⁷⁹ See Nurse and Sandiford. 1995.

creating what has been termed the Caribbean transnational family, which has been described as one of the most effective functioning family units brought about as a result of migration.⁸⁰

Recent literature on Caribbean kinship has reversed the negative image once held of the Caribbean family unit as one of fragmentation, breakdown and dysfunction by highlighting functioning and supportive extended family networks despite residential and geographical separation⁸¹, “viewed from the perspective of interdependent linkages the Caribbean family emerges as a transnational institution, powerful and resilient.”

Within this context the transnational family extends across national boundaries, where migrant parents live overseas leaving children and grandmothers in the home country. Economic and emotional support continues to be provided through remittances which are sent home on a regular basis. Migrant parents in the host countries perform the breadwinner role, while the nurturing of children is carried out by extended family members such as grandmothers or other relatives with whom children reside, until they are reunited with their parent(s).

It is interesting to note that the majority of women who migrate, particularly to North America, often end up working in household domestic service as maids or babysitters, replicating their unpaid reproductive role, for which they receive an income in the productive sector. Added to this is the fact that a growing number of women who migrate are now the sole economic providers of their family household.

Patterns of migration have been shifting over the years, including changes in the patterns of migration and economic flows to the Caribbean which point to the fact that gender is a critical dimension in migratory processes and which demonstrate that economic resources whether these be monetary or in kind make a significant contribution to national development, which also needs to be counted.

I. Assessment of responses to the ECLAC questionnaire on unpaid work

Responses to the ECLAC questionnaire on unpaid work were received from a total of 13 Caribbean countries. The assessment presented in this section is based on those responses. The majority of Caribbean countries lack constitutional provisions that recognize the unpaid housework performed by women. Trinidad and Tobago is the only country, which explicitly recognizes unpaid housework performed by women.

Assessment of the responses to the ECLAC questionnaire, indicate that efforts have been made by a number of Caribbean countries to measure the unpaid work of women. These are Jamaica, the Cayman Islands, and Belize. For example, Jamaica in 2004 introduced new statutory rules to provide for the equitable division of assets upon marriage or relationship breakdown. The Property (Rights of Spouses) Act, 2004, though gender-neutral in its provision, should be beneficial to women in proving entitlement to property. The new Act recognizes the contribution made by a spouse in the performance of unpaid domestic work. It recognizes women’s contribution made in the areas of child-care and home duties. It stipulated that there should be no presumption that a monetary contribution is of greater value than a non-monetary contribution.

Belize introduced a National Gender Policy which seeks to accelerate progress in this area by addressing issues such as the unpaid economic value of domestic labour, equity in employment opportunities, child-care, access to credit and pension entitlements. The placing of an economic value on childcare and domestic duties in cases of separation or divorce is a step towards the empowerment

⁸⁰ Rosina Wiltshire-Brodber. 1986. *The Caribbean Transnational Family*.

⁸¹ See UNICEF 2003.

of women and poverty alleviation particularly for those women who do not work outside the home. The recognition of common law unions is also vital since not only married persons are entitled to this benefit. Amendments by the government in 2001 to the *Supreme Court of Judicature Act* (91 148A) provide for the value of unpaid domestic labour, including child-rearing, to be included in the distribution of property upon the termination of a marriage or common-law union.

Dominica accounted for unpaid domestic work in national statistics in the last census in 2001. In their response to the ECLAC questionnaire, it was noted that there are no known available research studies specific to time use in unpaid domestic work/care-giving in Dominica. Nonetheless at various consultations, the contribution of the housewife to the household economy and the valuing of such work have come up for discussion especially as regards property rights or benefits to women in unions both married and common-law. Such consultations informed:

- (a) The 2003 Draft Report on Convention on the Elimination of Discrimination Against Women (CEDAW);
- (b) Report on the Organisation of Eastern Caribbean States (OECS) Domestic Violence and Family Law Reform Initiative;
- (c) Preparation of Census 2001; and
- (d) Preparation of the gender policy.

The Cayman Islands reported that there were no official research projects conducted specifically in relation to unpaid domestic work and/or caring activities. However, the Cayman Islands are in the process of conducting a National Assessment of Living Conditions in which some data regarding unpaid domestic work and/or care giving activities should be revealed. In addition, the 1999 Cayman Islands Population and Housing Census collected data regarding the number of hours persons self-reported that they spent on unpaid housework, unpaid childcare and unpaid elderly care. This data is broken down by district and sex. However, the Economics and Statistics Office was unable to confirm whether or not this data was sufficient enough to actually capture these unpaid activities.

Suriname made reference to a study “Verkennend beoordeling van mensenhandel in het Caribisch gebied” (Investigation of Trafficking in persons in the Caribbean) by the International Organization for Migration (IOM), June 2005, which states that paid domestic work is mostly carried out by women and is also informal, hardly noticeable, undervalued and unprotected. Investigators have not focused on this subject, because it is one of the most concealed jobs and takes place in private buildings. There is no specific law or regulation regarding women’s paid domestic workers in Suriname and most of the women have no employment contract, which makes them more vulnerable for exploitation.

The Bahamas, Barbados and St. Vincent and the Grenadines reported that there were no mechanisms for measuring the unpaid domestic work of women. While Trinidad and Tobago did not complete the questionnaire, this is the only Caribbean country with legislation which provides for the counting of women’s unremunerated work. Act No. 29 of 1996 of the Republic of Trinidad and Tobago require “*the Central Statistical Office and other public bodies to produce and maintain statistics relative to the counting of unremunerated work and to provide a mechanism for quantifying and recording the monetary value of such work*”.

In addition to the responses from the ECLAC questionnaire, selected data taken from census data is presented below which records the “non-economic” home duties performed by men and women in the Caribbean. The information in tables 1 and 2, show that in Belize and Guyana women have the greater burden of responsibilities for household work. The data also show that in Guyana men’s participation in home duties is high, where it is almost equal to that of women. The lowest percentages are in St. Kitts and Nevis and in The Bahamas. The highest percentages of domestic duties performed by men are in Guyana and Jamaica; and the lowest in Trinidad and Tobago and The Bahamas. CARICOM women’s responsibilities for unwaged work are numerous. They have overwhelming responsibility for child/family care; the poorer the household, community and/or country, the greater the burden of work.

Because of this responsibility, women “hustle”⁸² more than men to find a means of survival, often by finding multiple sources of waged work and/or other income.

TABLE 1
PERCENTAGE OF NON-ECONOMICALLY ACTIVE WITH HOME DUTIES AS MAIN ACTIVITY,
1980-1981 AND 1990/1991⁸³

Country	1980/1981		1990/1991	
	Women	Men	Women	Men
Antigua and Barbuda	...	...	56	12
The Bahamas	50	1	51	8
Barbados	57	2	56	9
Belize	94	8	85	23
Dominica	75	11	71	25
Grenada	75	24	72	40
Guyana	86	10	89	60
Jamaica	...	...	65	44
Montserrat	59	10	56	20
St. Kitts and Nevis	...	...	53	11
Saint Lucia	80	15	69	28
St. Vincent and the Grenadines	75	7	71	28
Suriname	...	...	69	<1
Trinidad and Tobago	73	5	69	8

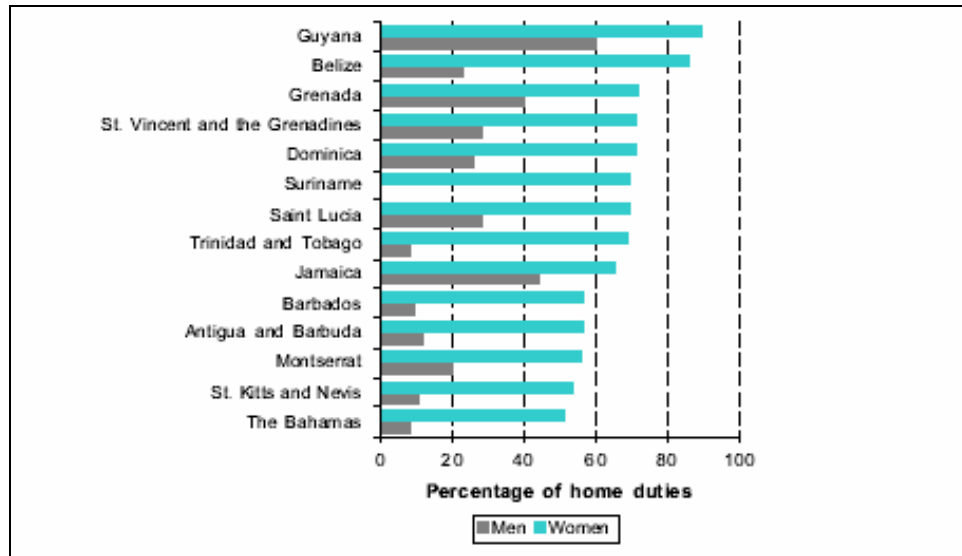
According to Andaiye⁸⁴, women’s wages are kept down by the persistent treatment of women as primarily unwaged care-workers. In addition, economic restructuring has increased the burden of both unwaged and low-waged work and the expansion of women’s presence in the informal sector which is undirected, unregulated, insecure, and oriented towards survival.

⁸² That is to underline the arduous efforts of women in finding the necessary resources for a decent life.

⁸³ See Caribbean Community Secretariat, *Women and Men in the Caribbean Community. Facts and figures, 1980-2001*, Caribbean Community Secretariat, Georgetown, Guyana, 2003, p.88.

⁸⁴ See Gender Equality in the Caribbean – Reality or Illusion 2003.

TABLE 2
HOME DUTIES THE MAIN ACTIVITY OF MOST NON-ECONOMICALLY ACTIVE WOMEN⁸⁵



J. Valuing unpaid work

The assumption of a sexual division of labour ignores the importance of women's work and introduces a gender bias, through the undervaluing of the economic contributions of women in the domestic economy. As Andaiye argues, the foundation on which waged work continues to be segmented between women and men is the sexual division of labour at the level of unwaged caring labour in the household. According to her this recognition has provided the conceptual breakthrough, which led CARICOM governments to support the mandate to count women's unwaged work at the Beijing Conference. *"This mandate has been called one of the two most important decisions taken at Beijing because it addresses the basis of women's particular economic exploitation."*⁸⁶

Despite these hard won battles, there stubbornly remains a reluctance to view housework as real work because it does not earn money. Even among feminists who have emphasized that housework is real work, there is strong tendency to take the model of market employment as basic. (R.M. Blackburn, 1999). It is interesting to note that economist Kenneth Galbraith as early as 1975 developed a proposal to value unpaid work. In "Money: Whence it Came, Where it Went," Galbraith argues that if the value of our money is work, than all work can provide the value foundation for money.⁸⁷

Some have argued that that there is a fundamental theoretical flaw⁸⁸ in the application of market conceptions of pay to the domestic economy, pointing out that it is erroneous to describe the domestic work performed by women as unpaid work because housework is carried out in the domestic economy and not in the 'capitalist' market economy. Indeed in the parliamentary debate of the "Counting Unremunerated Work Bill" in Trinidad and Tobago one of the male Senators admitted his

⁸⁵ See Caribbean Community Secretariat, *Women and Men in the Caribbean Community. Facts and figures, 1980-2001*, Caribbean Community Secretariat, Georgetown, Guyana, 2003, p.88.

⁸⁶ Andaiye, Op Cit, Page 88.

⁸⁷ See Galbraith John Kenneth, *Money whence it came, where it went*, Houghton Mifflin, 1975.

⁸⁸ R. M. Blackburn argues that housework is non-market work and therefore cannot be viewed in the same way as work in the market sector. See "is Housework Unpaid Work" in *International Journal of Sociology and Social Policy*, Volume 19 Number 7/8 1999.

own skepticism regarding merely documenting the unremunerated work of women and adding it to the country's GDP as making the GDP look bigger – and feared that this would lead to the country being graduated to a higher level of development and not being eligible for funds.⁸⁹ As a result, it called for the creation of a separate account to assess and quantify women's contributions to economic development.

Strategic Objective 8 of the BPFA, calls for the development of an international classification of activities for time-use statistics that is sensitive to the differences between women and men in remunerated and unremunerated work, and collect data disaggregated by sex. At the national level, subject to national constraints:

(i) Conduct regular time-use studies to measure, in quantitative terms, unremunerated work, including recording those activities that are performed simultaneously with remunerated or other unremunerated activities;

(ii) Measure, in quantitative terms, unremunerated work that is outside national accounts, work to improve methods to assess its value, and accurately reflect its value in satellite or other official accounts which are separate from, but consistent with core national accounts.

(Paragraph 206, item G).

Responses to the ECLAC questionnaire reveal that very few studies have been conducted in the Caribbean on women's paid and unpaid domestic work, however, the Government of Belize in 2001 amended its Supreme Court of Judicature Act to provide for the value of unpaid domestic labour, including child-rearing, to be included in the distribution of property upon the termination of a marriage or common-law union. In addition, in May 2006 the government appointed a Minimum Wage Council to examine paid domestic work, as well as other wages. In January 2007, Cabinet received the recommendations of the Council and approved that wages for domestics would be increased from \$2.25 to \$3.00 per hour.

Belize also reported that a non-governmental organization - Women Issues Network – Belize conducted a study in 2006 on paid domestic wages, which was submitted to the Minimum Wages Council. Dominica reported that while there were no known available research studies specific to time-use in unpaid domestic work/care giving in that country, the contribution of the housewife to the household economy and the valuing of such work have been discussed at various consultations. Areas of concern relate to property rights and benefits to women in unions, both married and common-law.

These consultations informed a number of initiatives and activities, including the preparation of the 2003 draft CEDAW Report, the Report on OECS Domestic Violence and Family Law Reform Initiative; preparation of the 2001 Census; and preparation of the Gender Policy which was presented to Cabinet in March 2006. Recommendations have also been made with respect to the issue of *Property Rights of Spouses in Marriage*, namely to have the indirect contributions by parties considered for provisions on the breakdown of the union, and with respect to *Matrimonial Property & Financial Provision Breakdown*, the criteria for division of property should not be the status of marriage, but the contribution of the parties. Further, the draft CEDAW Report makes recommendation under *Article 16 – Equality in Marriage and Family Law*, for the recognition of the contribution of women to work at home and joint enterprise in division of property upon divorce or breakdown of relationship.

It should be noted that a number of Caribbean countries do have legislation relative to domestic employees, for example, Barbados has a *Domestic Employees (hours of Duty) Act, 1982*, which makes provision for minimum pay or maximum hours per week. Rest periods and hours of work are controlled by statute.

⁸⁹ Senator Prof. John Spence, Tuesday 28 May 1996.

K. The importance of time-use surveys in measuring unpaid work

Activities excluded from the System of National Accounts (SNA), are household upkeep, such as preparing food, cleaning, taking care of children, the sick, the elderly and the disabled, paying bills, personal development, volunteer work, that is performed both in formal and informal sector.

In the Caribbean there is the need to implement time-use surveys for understanding how unpaid work contributes to the national economies. These studies help to build a solid basis of information necessary for the implementation of gender sensitive policies, and the promotion of the value of women's work, their role in the society and their contribution to national production. Interestingly, the Republic of Trinidad and Tobago is yet to conduct a time-use survey, despite the passage of legislation in 1996 on *counting women's unremunerated work*. In fact as early as 1997, one Senator lamented the fact that "there was no disaggregation of the contribution of women to the Gross Domestic Product – unpaid work done mainly by women. The Senator was critical of the fact that the legislation was a *public relations effort*,⁹⁰ but had immense value in helping to determine the extent of poverty because attached to the legislation was the proviso for government to periodically hold a household survey a minimum of once every three years.

A Draft International Classification of Activities for Time-Use Statistics (ICATUS) was adopted in October 2000 at a United Nations Statistics Division Expert Group Meeting on *Methods for Conducting Time-Use Surveys: Gender issues in the measurement of paid and unpaid work*. The adoption of the ICATUS was viewed as a step toward promoting the collection and compilation of data on paid and unpaid work. It addressed two main issues:

(a) Better measurement of production of goods by household members for own final use. These involve activities considered as work within the production boundary of the System of National Accounts (SNA) but are generally underestimated in labour force statistics, and

(b) Better identification of SNA work in informal sector enterprises. Many of these activities are not covered well in data collection on economic activity for several reasons – women and men who engage in such activities may not consider these as work because they are perceived as too small-scale, of subsistence-level, of short duration or seasonal, or because many of these activities may actually be done as part of production of services for own final use (e.g. cooking food for both the household and for sale); designers of surveys may not identify these accurately in operational definitions and in survey instruments; enumerators may have inadequate knowledge of what these activities are and may impose their own biases and judgments in recording them.⁹¹

The Draft ICATUS differentiates between activities with respect to the relationship they bear to the production boundary of the SNA. It consists of 15 main categories, which are indicated by alphabetical labels from A to O. Each category consists of eight or more divisions. For example, categories A to E correspond to System of National Accounts work, namely those activities done in relation to production, categories F to H correspond to non-SNA work, namely those done in relation to production, but which fall outside of the SNA boundary; and categories I to O correspond to non-production activities.

⁹⁰ Senator. Prof. John Spence, Senate Debates, December 30, 1997.

⁹¹ United Nations Secretariat Statistics Division, *Draft International Classification of Activities for the Time Use Statistics*, Expert Group Meeting on Methods for conducting Time-Use Survey, New York, 23-27 October 2000.

The non-productive activities are classified in two groups: personal care, such as eating, sleeping, personal health, dressing and taking care of one's body, and personal recreation, as social visit, reading the newspaper, watching TV, going to the cinema, listening to the music, sports and resting. They are labeled as non productive because their product cannot be received for another, they are not exchangeable.⁹²

Actually there are three main problems linked to this revision:

1. Underestimation of the value of the good produced for household consumption;
2. Omission of the value of the household maintenance and care work from gross domestic product (GDP);
3. Self-education performed within the home is classified as entirely “non-productive”.⁹³

Time-use surveys are the starting point for creating satellite accounts to measure unpaid work. They are an alternative mechanism for measuring the value of unpaid work and household production. One weakness of the satellite accounts is that they may not be the most effective way to measure many types of unpaid work such as community participation, self-education, travel time to and from paid work, which are not included in the SNA or extended-SNA production boundaries. Obstacles to the implementation of time-use surveys are a lack of updated and recent statistics, an insufficient appropriation of the concept of gender equality at the national level, antiquated judicial systems that have difficulties to implement gender sensitive public policy, an external impetus to conduct them and insufficient capacity-building and follow-up.

Assessment of the responses to the ECLAC questionnaire, as well as the results of the on-line dialogue carried out in early 2007 indicate that there has been no comprehensive conduct of a time-use survey in the Caribbean. The lack of research on unpaid work and time-use was linked to the lack of financial and human resources to bring effect to this research. Jamaica was the only country that reported the conduct of research by the Planning Institute of Jamaica (PIOJ) on *Social Reproduction in Jamaica* in 1999. The results are included in Jamaica's first Human Development Report 2000, which has a companion document on gender indicators.

In addition to the summary provided, the following information can be observed from the table below, identifies a total of 17 activities carried out by women in any one week in Jamaica, and which do not appear in national statistics. The case studies of the six women indicate that five are in full-time productive employment with hours varying between 44 to 30 hours. When the reproductive tasks are added, the total hours increase significantly and shows that the three women identified as household helpers had a weekly time use of 117.0; 102.5; and 80.5 hours, respectively, while the three women identified as middle-income earning housewives (presumably with paid household help) recorded hours of 52.0; 42.5; and 35.0. It is interesting to note that these women did not undertake tasks such as caring for children even though two spent a total of five hours per week “picking up children”. While the sample size is extremely small, the data does provide interesting information on the productive and reproductive tasks carried out by women.

Summary of Research findings from **Data in Social Reproduction on Jamaica**, Judith Wedderburn, 1999

- (a) There are many roles played by women in social reproduction which are not market-oriented and consequently do not appear in national statistics. This includes the bulk of household and voluntary/community work;
- (b) The outputs and outcomes associated with these activities redound to the benefit of family, the community and the country as a whole and make an important contribution to national development;

⁹² See UNDP (United Nations Development Program), *Global Conference on Unpaid work and the Economy: Gender, Poverty, and the Millennium Development Goals*, Conference Proceedings, Levy Institute, New York, 1-3 October 2005.

⁹³ See UNDP (United Nations Development Programme), *Costing the Care Economy*, Columbia University, New York, December 2004, pp. 32-35.

- (c) Unpaid unrecognized activities are more numerous in low-income households where any addition to output impacts greatly on the welfare of the family in terms of meeting the basic needs of the family;
- (d) The inability to measure and assign a value to those economic activities not only prevents an accurate assessment of output, but also contribute to the low value placed by societies on these activities;
- (e) The non-monetary contribution of women are undervalued in economic terms and as well as in terms of their inherent human value;
- (f) The non-monetary activities performed by some women have an intrinsic use or human value which is not captured by its value for exchange.

L. Women's paid and unpaid domestic work-Jamaica

“ In order to arrive at a more accurate assessment of output in the Jamaican case, an in-depth study needs to be carried out to assess the value of women's unpaid work”.

(Source: Human Development Report 2000)

No in-depth research has been conducted since this preliminary study was done. However attempts are to be made in this year (2007) to develop appropriate gender indicators which would also capture this type of information on time use and unpaid work. The Bureau and the Statistical Institute of Jamaica will be working collaboratively toward this end particularly after the participation of both entities at the recent technical meeting on the status of gender indicators in the Caribbean held November 2006 in Trinidad and Tobago.⁹⁴

In addition to this Jamaica research, the non-governmental organization, Red Thread of Guyana, conducted the first systematic time-use survey in that country amongst grassroots women in 2004 with the assistance of the International Women Count Network. Red Thread was critical of the fact that the fundamental work that women perform to ensure the continuation of Caribbean societies remained uncounted and invisible, in spite of *the thirty years of Conferences, Papers* and international Commitments about women's unwaged work.

The survey included women from all racial groups as well as illiterate women. The highlights from the findings showed that women from all racial/ethnic groups had a typical working day which “ranged from 14 to 18 hours, with little help from anyone, often with minimal or unreliable technology, limited access to amenities and with very little leisure or free time for themselves”. The limited access to amenities included the lack of pipe borne water and electricity, which impacted on the length of their day and the types of activities in which they engaged.

Although women were impacted by pregnancy and ill-health of themselves and other family members, this did not stop them from undertaking a full day's work, which often included performing tasks such as chopping wood. As a result, some women had work days that extended to 21 hours and in some instances to 24 hours.

Red Thread, in its analysis, was critical of the lack of attention paid to the goal of measuring and valuing women's unpaid work won from governments at the Beijing Conference and lamented the fact that women's work continued to be hidden. Several reasons were given for this, namely the fact that: (i) sexism continues to trivialise and refuses to acknowledge the importance of what women are doing; and (ii) the design and outcome of surveys are increasingly determined by political agendas that would push women into waged jobs on the pretext that this would deal with poverty. Such agendas justify this policy by trying to show that waged work can be easily fitted in with housework

⁹⁴ Jamaica response to the ECLAC Questionnaire on unpaid work and political participation, 2007.

flying in the face of universal experience, including of women’s desperate overwork, even before this second job for wages”.⁹⁵

This seminal research has nonetheless provided a glimpse of reproductive and productive work that women perform on a daily basis in one Caribbean country.

TABLE V.1
Women’s Use of Time in Social Reproductive Activities, Selected Responses

Hours Occupied Weekly

Task	Annemarie*	Pam*	Esperanze*	Annette+	Nevine+	Nina+
Cleaning	3.0	3.0	5.0	0.0	15.0	0.0
Cooking	7.0	3.0	10.0	0.0	5.0	0.0
Caring for Children	30.0	3.0	5.0	0.0	0.0	0.0
Washing	2.0	2.0	15.0	0.0	0.0	0.0
Working	44.0	40.0	40.0	40.0	0.0	30.0
Pick up Children	0.0	0.0	0.0	5.0	5.0	0.0
Ironing	2.0	2.0	10.0	0.0	0.0	0.0
Supermarket/Market	3.0	2.0	0.0	0.0	12.5	0.0
Exercise	0.0	0.0	0.0	0.0	0.0	0.0
Home Improvement	3.0	0.0	0.0	0.0	0.0	5.0
Shopping	5.0	0.0	2.0	2.0	0.0	0.0
Doing Errands	0.0	0.0	0.0	0.0	0.0	0.0
Watch TV	1.0	4.0	20.0	0.0	0.0	0.0
Bible Study	2.0	7.5	0.0	0.0	0.0	0.0
Caring for Plants	0.5	0.0	0.0	0.0	0.0	0.0
Transporting	0.0	14.0	0.0	0.0	0.0	0.0
Sewing	0.0	0.0	10.0	5.0	0.0	0.0
Total	102.5	80.5	117.0	52.0	42.5	35.0

* = Household helpers
+ = Middle income-earning housewives
Source: Background paper in Social Reproduction in Jamaica, by Judith Wedderburn, 1999

M. Reconciling work and family responsibilities

An important aspect of participation in productive work is the ability to reconcile work outside the home with family responsibilities, because many women are confronted with their greatest problems when trying to reconcile their numerous domestic tasks with their work responsibilities within a 24-hour day. The fact that women are burdened by their family responsibilities therefore restricts them from participating in paid employment outside of the home, which is often compounded by the lack of facilities for child care and, in a growing number of cases, elderly care facilities. The BPFA highlighted “*the lack of a family friendly work environment, including a lack of appropriate and affordable child care, and inflexible working hours further prevent women from achieving their full potential,*” and also hampers women in their contribution to the economy.

Governments agreed to take actions to “provide affordable support services, such as high-quality, flexible and affordable child-care services, that take into account the needs of working women and men,” and also to eliminate discriminatory practices in the workplace to enable women to carry out their reproductive functions by providing facilities for breastfeeding and other child-care responsibilities.

In the Caribbean, there are no public policies explicitly designed to reconcile paid and unpaid work. Such policies have not yet become established in the language or in government discourse. It should be noted that policies for maternity protection and social security in general are still conditional

⁹⁵ Red Thread report on Time Use Survey by the International Count Network, 30 November 2004.

on the labour market and as such the exclusion of women from such services (especially women engaged in informal employment remains high).

Caribbean countries have subscribed to a variety of conventions and international standards, especially the ILO conventions, such as those on maternity protection and its revision, equal pay for equal work, discrimination in employment and occupation and reconciliation of work with family responsibilities.⁹⁶ In addition, they have introduced national legislation and reforms and implemented State programmes and projects to complement these conventions.

The ILO Workers with Family Responsibilities Convention, 1981 (No. 156) is intended to promote equality of opportunity and treatment in employment for workers with family responsibilities, and among workers with such responsibilities. Belize is, however, the only Caribbean country to ratify this convention. The ILO focus on maternity protection, reconciling work and family, and working hours has highlighted the specific requirements of women and men in the workforce and the need to adopt appropriate measures with respect to work arrangements.

Despite the recognition and support for child care programmes in the Caribbean subregion, available information support the view that the vast majority of children under the age of three remain at home in the care of parents or other family members, creating its own dynamics not only in terms of the restrictions placed on mothers who are desirous of becoming part of the productive sector but also in terms of the quality of child development amongst home-based caregivers.

For many Caribbean women, providing and managing resources for proper child care and the sacrifices that have to be made to carry out these duties are everyday realities of the mothering role. However the female kinship networks once used by women as a ‘safety net’ are fast disappearing, making it increasingly difficult for poorer women to enter into paid employment, since few women

BOX V.2 Women's Use of Time in Social Reproductive Activities, Jamaica, 1993	
Domestic Activities	Average Hours/Week
Prepared Food	24.69
Carried Water	5.34
Washed Clothes	6.60
Ironed Clothes	2.46
Cleaned House	5.02
Cared Child	28.80
Shopped	8.18
Repaired house and furniture	4.22
Sewed/Mended Clothes	1.37
Paid Bills	1.59
Cleaned Yard	5.70
Tended Garden	11.63
Transported Children/Other	13.33

Source: From Data in Social Reproduction in Jamaica,
by Judith Wedderburn, 1999

⁹⁶ See Annex 1.

have the benefit of a non-working mother, friend or other family member to provide much needed child care services. The need for day-care services is therefore a very real one and increasingly these facilities are also required for older family members as the subregion is faced with a steadily increasing ageing population.

The breakdown of the extended family structure has deprived communities of accessible informal care traditionally provided by grandmothers, neighbors, and others. Parents' reliance has shifted to the formal care sector, with residential and day-care services provided primarily by government through the Child Care Board, complemented by private operators and non-governmental organizations.⁹⁷

The institutionalization of child care arrangements has been identified as one of the critical issues relating to improvements in women's participation in the labour market.⁹⁸ In countries where child care is provided, it is mainly for pre-schoolers and provided by a mix of government and private agencies. In many instances, the use of these facilities is no longer restricted to children from lower income households but increasing from middle and upper income households.

The number of day-care facilities and the costs of services vary across the Caribbean, for example in Belize there is one day-care centre that is managed by the Ministry of Human Development, which accommodates a maximum of 15 children. Fees are US\$7.50 for children who come half day every day of the week and \$12.50 for children who come all day every day of the week. Most countries seek to provide early childhood education, for example, Barbados provides 80 per cent coverage of three year olds in government and private day-care centres. However, many gaps remain due to lack of access and lack of resources/income to pay for these services.

In response to the concerns with respect to the quality of child development of those children who do not have access to organized early childhood development programmes, a project is currently being piloted in the Caribbean with support from the United Nations Children's Fund (UNICEF) and local non-governmental organizations, known as the "Roving Caregivers" which provides support and training for parents or other caregivers to enable them to better care for their children, especially those who do not have access to day-care or pre-school facilities. The programme is currently being piloted in communities in Dominica and Jamaica. The programme provides child development support and parenting education through home visits to families who cannot afford day care or who do not understand the importance of providing correct stimulation for early childhood cognitive development.

In addition to the need for childcare as hinted to earlier, there is a growing need for elderly care services in the subregion, which adds to the conflict many women face between their employment and family responsibilities.

More alarming, the phenomenon of poor children who are placed in other families to undertake unpaid domestic work, called *restavek* in Haiti underlines the relationship between the invisibility of unpaid work and the needs of poor women who are heads of household to receive child care support to be able to go to work. These children called *restavek*, a (derogatory) term which literally translates as domestic child workers, are placed in households other than their own to perform labour in the domestic sphere in what has been likened to slave-like conditions.

The gender implications of this practice are immense because it is estimated that three quarters of *restavek* children are girls, many of whom are as young as four years old, who perform arduous household tasks with no pay, no schooling and who are isolated from parental love and care. This practice has tremendous impact on family structure and gender and power relations and is a major contributory factor in the perpetuation of the cycle of poverty and violence and therefore needs to be addressed with greater urgency.

⁹⁷ BARBADOS Statement by Hon. Hamilton Lashley Minister of Social Transformation at the Twenty-Seventh Special Session of the General Assembly on Children, 8 May 2002, New York.

⁹⁸ Joycelin Massiah. 1982. Women who Head Households in Women and the Family. WICP. UWI Cave Hill Campus.

N. Overview of legal reforms

This assessment provides an overview of legal reforms taken by Caribbean countries to remove provisions which discriminate against women and to ensure equal treatment with men. In the context of this paper, the review focuses on legislation that seeks to reconcile work and family life and therefore includes legislation in the field of employment, equal opportunity and maternity protection, as well as gender policies or gender-oriented national projects.

A number of countries have also undertaken legal reform measures relating to maintenance of women and children, in which there is some recognition that in some cases domestic work could be taken into account in cases of separation and divorce. In Jamaica for example, the *Maintenance Act, 2005* repealed and replaced the old Maintenance Act and the Affiliation Act and makes comprehensive provisions for maintenance within the family. It confers equal rights and obligations on spouses with respect to the support of each other and their children. This Act is a companion measure to the Property (Rights of Spouses) Act, accordingly “spouse” is similarly defined to include a de facto spouse.⁹⁹

The Property (Rights of Spouses) Act, 2004 introduced new statutory rules to provide for the equitable division of assets between spouses upon marriage or relationship breakdown. It legislates a presumption of equal shares in the family home, permitting a variation where equal division would be unfair having regard to the circumstances of the particular case. A single man and a single woman who have cohabited in an informal union for five years or more qualify as spouses for the purposes of this act. This act, though gender neutral in its provisions, should be beneficial to women in its practical application, as the deficiencies under the old law which placed women at a disadvantage in proving entitlement to property have been removed. Of interest in this regard is the recognition by the new act of the contribution made by a spouse in the performance of the role of homemaker and parent and the stipulation that there shall be no presumption that a monetary contribution is of greater value than a non-monetary contribution.¹⁰⁰

In Belize, the National Gender Policy was passed by the Cabinet in 2003. Priority areas of this policy are health, wealth and employment generation, gender-based violence, education and training, power and decision-making and coordination and implementation. The policy also focuses on minimum wage levels, equal pay for work of equal value, the economic value of unpaid domestic labour, gender equity in employment opportunities, child-care opportunities, employee pension entitlements, pension entitlements for the employee’s spouse and dependants, maternity leave provisions and access to credit.

Two of the provisions relate to the area of the economic value of unpaid domestic labour:

(a) The practice of the Supreme Court in valuing unpaid work labour will be reviewed, with a view to establishing appropriate criteria and guidelines.

(b) The Government of Belize will urgently review the current adequacy of provisions for assistance to those who cannot afford access to legal representation, and whose access to justice is thus limited, in order to introduce or expand appropriate legal assistance provisions (this extends beyond the issue of divorce or settlement).¹⁰¹

The “Women’s Agenda 2003 – 2008” commits the government to implement the recommendations of the National Gender Policy. As reported by the International Women’s Rights Action Watch in Belize, women consistently receive less pay than men for the same work and occupy lower level positions. The majority of women are concentrated in traditionally female, low status and poorly paid occupations, such as manufacturing, tourism and domestic work.

⁹⁹ Jamaica response to the 2006 ECLAC Questionnaire, pages 20-21.

¹⁰⁰ Ibid. page 20

¹⁰¹ Belize National Gender Policy, Articles 70, 71.

A gender policy was also approved in Dominica in 2006; it was an outcome document of a consultative process to sensitize people on the importance of gender mainstreaming as a strategy to achieve gender equality in the country. In addition, the Women's Bureau collaborated with an inter-sectoral committee to compile and submit to Cabinet a Draft National Action Plan on Gender Mainstreaming. This plan aims to ensure that gender is incorporated in all policies, plans and programmes both at national and sectoral levels.

The Country Poverty Assessment Report of June 2003 showed a high level of poverty in the households (29 per cent), however no major difference was found between men and women's income, but it was argued that this analysis was not sufficiently focused on gender disparities.

In Dominica, legislative and policy changes have specifically addressed the needs of poor women and have attempted to improve women's equal access to economic resources and employment, and to promote an equal balance between paid work and family responsibilities for women and men. The Amendment to Maintenance Act increased the allowance to children; additionally, the maternity grant increased by 100% in 2003.

O. Social protection

In the Caribbean subregion, social security schemes are relatively new and provide a wide range of benefits. As in other countries the systems are pay-as-you-go (PAYG). In some countries, contributions are shared equally between employer and employee, while in others the employers contribute a higher percentage. Barbados is the only country that provides an unemployment insurance scheme, while Antigua and Barbuda, Barbados, Belize and St. Kitts and Nevis provide a non-contributory pension as part of the services offered by social security.

Broad components of social development

Provision of an enabling environment; (includes resources such as physical environment; human and financial resources);

Eradication of poverty;

Expansion of productive employment and reduction of unemployment;

Social integration, inclusion and cohesion;

Full respect for human dignity – equalization of opportunities for all;

Equality and equity between women and men;

Equitable access to quality education; healthcare and other social protection measures; (Decentralization is critical as services are brought closer to the people who need them).

Social protection has traditionally been defined in terms of a range of public institutions, norms and programmes aimed at protecting individuals and their households from poverty and deprivation. It addresses poverty and social exclusion. Social protection includes labour and employment standards, programmes aimed at ensuring maternity leave and pension for old people, norms and programmes directed at work related contingencies, such as unemployment or work related injuries, and basic safety nets.¹⁰² It is generally taken to be broader than social security, normally associated with compensatory, comprehensive, welfare State programmes, and social insurance, generally restricted to contributory programmes.

¹⁰² *Social Safety Nets* ensure that all the different groups of the population have reasonable access to minimal income and basic social services in situations as involuntary unemployment, old age or sudden economic crisis. They traditionally are introduced during economic crisis and phased out during periods of recovery. If there are no safety nets, a fall in income can lead to permanent poverty.

P. Gender and social protection issues

Gender is critical to social protection policies because of the direct impact on women's living conditions. Although available data is scattered, the information points to the fact that women and children, including the elderly, face considerable social and economic risks and are among some of the most vulnerable groups in the Caribbean subregion. Among the specific risks that women face are those related to health, life cycle including childbearing, household economic risks, ageing and other social risks, such as social exclusion, and vulnerability to domestic violence.

Discrimination and marginalization of women is also prevalent. This is found particularly amongst women who predominate the informal labour market – thus increasing their vulnerability – while at the same time having responsibility for the care of children. Later in their life cycle find that they do not qualify for pensions, either public or private, because the structure of social security systems excludes large numbers of women who find themselves outside of the largely contributory systems.

This is because social protection systems were structured when family and labour functions of men and women were significantly different, which means that in many instances women are not direct beneficiaries of social protection mechanisms, hence the need for comprehensive reform of these systems to be more gender sensitive. For example, despite the higher vulnerability to risks faced by women and the poor in the informal sector, traditional social protection schemes continue to target those in the formal labour market.

There are a number of the key assumptions underlying economic policies which impact on gender and social protection:

- (a) The structuring of the economy is undeniably male centered;
- (b) Economic and other inputs are targeted to men; and
- (c) Women's needs as producers are ignored.

The reality is that large numbers of Caribbean women are heads of households because of divorce, death of spouses and, in some instances, because of choice or other circumstances resulting in the fact that many women are living in poverty. Often their health is diminished – double burden + costs of health care; (some States provide for the elderly in terms of assistance with medication, but this is not always comprehensive).

It is clear from the available information that women need a reliable source of income, but for many this is problematic because many are precluded from engaging in paid employment because of their responsibilities in the “care economy”, while others are forced to take precarious employment in low-paid jobs or in the informal sector which offers no income security and no protection, forcing them further into poverty. The association between unpaid work and participation in insecure work on the periphery of the economy is vital in explaining how women are disadvantaged and excluded from social protection systems.

When we add to this the changing demographic profile of the subregion with an increasing ageing population, which is predominantly female, the situation becomes even more untenable and fragile. While the expectation is that women will receive support from their male partners, the reality is woefully different. In some respects married women are more disadvantaged because they cannot claim benefits such as old age pensions if their husband is already a beneficiary.

Defining Social Protection

Social protection should be viewed as an integral part of a country's attempt to restructure its economy and pursue social and economic development, address poverty and social exclusion, and achieve the Millennium Development Goals.

Social protection programmes can potentially ensure that the fruits of development reach vulnerable households and communities, which are unable to participate fully in economic activities by guaranteeing a minimum level of welfare.

Social protection is intended to provide households and communities with protection against risks and vulnerabilities and promote their access to new opportunities. It helps sustain households' living standards in the face of adverse conditions, but also supports the investment in human and physical capital, which is central to economic growth and long-term well-being.

Source: Promoting an Integrated Social Protection for the Caribbean. Paper prepared by the Caribbean Development Bank in conjunction with the Department for International Development; the European Commission for Barbados and the Eastern Caribbean; the United Nations Development Programme; and World Bank, for the twelfth Meeting of the Council for Human and Social Development (Gender) April 2, 2005.

Q. Summary of social security/protection schemes

Caribbean countries nonetheless provide an impressive range of programmes to support vulnerable groups, however these are plagued by significant gaps and deficiencies in existing social protection mechanisms to assist households and communities. This section provides a brief country overview of maternity provisions which are designed to benefit women and their families. Although many of the schemes are similar there are slight differences in terms of the required number of contributions to receive benefits, which for most countries require an average of 50 contributions; the length of payment of benefits and the quantum of monies payable to beneficiaries. Most countries provide for the granting of 12 weeks of maternity leave, and most provide for employment protection to ensure that when a woman returns to work she maintains her seniority, resumes her former work or its equivalent and does not receive lower wages than before she went on maternity leave.

The Bahamas has social insurance which covers employed persons, self-employed persons and the voluntarily insured. The social insurance system is based on cash benefits. In order to receive maternity benefits, under the National Insurance Act of 1972, amended in 1999, a woman must have paid 50 weeks of contributions. Maternity benefit is equal to 60 per cent of average weekly insurable earnings. The minimum benefit is B\$43.85 a week. No coverage is provided for workers in the informal sector. To receive the maternity grant, which is paid as a lump sum of B\$400.00 she must have at least 50 paid contributions.

In Barbados, the Social Insurance and Social Security Act of 1966, amended in 2002, covers all employed persons, public-sector employees and the self-employed aged 16 to 64, but it excludes unpaid family labour. The Social Insurance System is based on cash benefits. Maternity benefits are equal to 100 per cent of average insurable weekly earnings. The maternity grant is also payable to women who are not insured or who fail to meet the requirements for cash maternity benefits, but whose spouse does meet the requirements. Payment is a lump sum of Bds. \$800.

In Belize the Social Security Act of 1979 provides social coverage for employed persons aged 14 to 64, including public servants and self-employed persons. It excludes casual labour, persons employed for less than eight hours a week and military personnel. It does not provide coverage for workers in the informal sector. Women must have 50 weeks of contributions to receive maternity benefits and the maternity grant of B\$300 which is paid for each child. Maternity benefit is equal to 80 per cent of average weekly insurable earnings.

The Dominica Social Security Act (1975) provides coverage for employed persons and apprentices aged 16 to 60, it excludes the self-employed and people employed in the informal sector. Women must have 13 weeks of contributions to receive maternity benefits, which are equal to 60 per cent of average weekly earnings in the last 30 weeks. Maternity grants are payable to an insured woman or a non-insured spouse of an insured man with at least 26 weeks of paid contributions in the 52-week period before the expected date of childbirth. It is a lump sum of EC\$500.

The Grenada National Insurance Act (1983) and the Maternity Leave Law (1980) provide coverage for all employees in private and public sectors and for self-employed persons aged 16 to 59. A woman must have at least 30 weeks of contributions to receive maternity benefits, which is equal to 65 per cent of average weekly insurable earnings in the 30 weeks before the start of the claim. The minimum maternity benefit is EC\$450. The grant is payable to the uninsured wife of an insured man. The minimum grant is EC\$450.

In Guyana, the Social Security Act of 1969 covers persons employed in the private and public sectors and the self-employed between ages 16 and 59. Family labour and casual labour are excluded. Women benefits must have 15 weeks of contributions to receive maternity benefits, which are equal to 70 per cent of average weekly covered earnings. Maternity grant is payable to an insured woman who does not meet the qualifying conditions for a maternity benefit but whose insured husband does; it is a lump sum of G\$2,000.00.

The Jamaica National Insurance Act (1966) and the National Health insurance Act (2003) provides a social coverage for resident female employees aged 18 or older, with the exclusion of self-employed women. In order to receive maternity benefits, women must have 26 weeks of paid contributions in the 52 weeks before the expected date of childbirth; the benefit is equal to the national minimum weekly wage (J\$2,400.00).

In St Kitts and Nevis, the Social Security Act (1977) provides coverage for employed and self-employed persons aged 16 to 62. Women must have 39 weeks of contributions for maternity benefits. The benefit is equal to 65 per cent of the average weekly wage. The maternity grant of EC\$450 is paid for every child birth and is payable to an insured woman or the wife of an insured man.

The Saint Lucia National Insurance Act (2003) covers employees and apprentices aged 16 to 65. To receive maternity benefits, women must have at least seven months of contributions in the 10 months immediately before the claim. The benefit is equal to 65 per cent of the insured's average salary in the last 10 months. A maternity grant of EC\$600 is payable to women receiving cash maternity benefits and to women whose husband have at least seven months of contributions.

In St Vincent and the Grenadines, the Social Insurance Act of 1986 provides a social coverage for employed persons aged 16 to 59 and a voluntary coverage for self-employed persons aged 16 to 59. Women must have at least 30 weeks contributions to receive maternity benefits, the benefit is equal to 65 per cent of the insured's average earnings in the last 30 weeks of employment. In order to receive the maternity grant of EC\$550, the woman or her spouse must have at least 20 weeks of contributions in the 30 weeks immediately before the birth of the child.

The Trinidad and Tobago Social insurance Act of 1971 covers employed persons aged 16 to 64, including agricultural and domestic workers, apprentices and public-sector employees. Maternity benefits are equal to 60 per cent of average weekly earnings. A maternity grant of TT\$2,000.00¹⁰³ is paid if the pregnancy is of at least 26 weeks duration.

R. How unpaid work can be integrated into public policies

The principal mechanism for integrating women's unpaid work in employment, economic and social policies is to implement reforms in these areas. These reforms must be designed to ensure equitable access to economic resources, access to credit, access to health services and the provision of more benefits for women employed in the informal sector.

The information above highlights the limited public policy actions and/or legislation that recognize the unpaid work performed by women in the "care economy". Further, policies to harmonize work and family duties are also lacking, even in areas where the impact of HIV and AIDS as well as the

¹⁰³ www.ssa.gov/policy/docs/progdesc/ssptw/2002-2003/americas

ageing population has dramatically increased the burden of care on working women. There is still little recognition of the contribution of household work to national economic outcomes and therefore little change in the corresponding economic and social policies for care work being promoted.

Caribbean countries, however, often face considerable constraints in implementing necessary gender sensitive reforms because of the lack of funds and the ongoing weakening of women's/gender bureaux is also a challenge both at the national and regional level. Further and perhaps more instructive is the fact that the models of development in the subregion privilege growth over social development, thereby perpetuating the cycle of poverty and inequality which continues to marginalize women. There is need to understand that investments in social development such as child care, social security and other social services are vital if economic progress is to be maintained.

In respect of employment policies, governments have a responsibility to ensure more equitable access to employment for women. They need to establish the necessary legal and an institutional framework, and enact and enforce more equitable labour laws. These laws must prohibit discriminatory practices by employers in both formal and informal sectors. Additionally reforms in this area have to ensure an equitable access for women to economic resources, including the right to inheritance and ownership of land and other property.

Governments and national machineries with responsibility for women's advancement and gender equality must encourage financial institutions to adopt new policies, aimed to reduce transaction costs and make the access to credit easier for women. There is also need for a more gender approach on taxation, for example, governments could include reforms in terms of tax exemption from goods mainly used by women, such as items used for child care, items related to household functions, items related to reproductive health and hygiene.¹⁰⁴

Twelve years after the Beijing Platform for Action and seven years after the Millennium Development Goals, there is still no public policies which recognize unpaid work against a background where this work is increasing and continues to be the sole responsibility of women, despite decades of advocacy and public education programmes to transform not only gender relations but also the gender roles assigned to men and women. Although there have been some minor breakthroughs in acknowledging women's economic role in the development process as evidenced from the responses to the ECLAC questionnaire, women's unpaid work remains largely invisible and uncounted in national accounts.

S. Conclusion

This assessment indicates that Caribbean countries, like most of the world's developing countries, still have a long way to go in recognizing, understanding and valuing the important role played by women in the national economies. In spite of commitments to a wide range of international agreements, the domestic unpaid work performed by women in households, in the agriculture sector and the community remains in many cases invisible and unvalued.

This assessment has also revealed what many of us already know, that social protection programmes have tended to be discriminatory rather than inclusive, leaving out large numbers of women who work outside of the formal labour market. Many of the benefits payable to women are often still dependent on the contributions made by their spouses. In addition, there is need for the implementation of comprehensive social protection programmes ensuring coverage for women employed in the informal sector to reduce the precarious nature of much of this work.

¹⁰⁴ See Brunnich Gabriel B., Vacarr Danielle, *The challenges in integrating unpaid work into economic policy in lower and middle-income countries*, Paper for the 2005 Global Conference on Unpaid work and the Economy: Gender, Poverty, and the Millennium Development Goals, September 2005, p. 16 – 20.

There is clearly a need for governments to implement strategies to assist women in managing their unpaid work and reducing the burden of care work through the provision of more equitable social protection programmes, which would reduce women’s vulnerabilities and social exclusion. There is also need for more governments in the subregion to implement policies to count women’s unremunerated work and make their contribution to economic development more visible. There is also need to invest more in data collection and in the conduct of time-use surveys because it is only through the implementation of research on how people use their time and on how much time is spent by women in domestic work and in producing goods for their households and for the social community, that there will be an accurate understanding of the relevance and the importance of women’s contribution to the national economy and to social development.

T. Endnotes

The gender division of labour: Andaiye (2003) notes that a direct result of the gendering process “is the gender division of labour whereby women and men cluster in the different kinds of work for which they have been socialized. This socialization takes place first within the household and family and then in education, the wider society and the economy. Building on biological difference (the fact that women bear children and breastfeed) women are socialized into having the main responsibility for social reproduction, that is, child and family care, including housework, although there is no biological basis for this. The work is ascribed little value: it is unwaged when performed within the household and low-waged when performed for strangers (e.g. domestic work, nursing, and teaching).”

Valuing unpaid work: The work done by care-givers and volunteers can be the foundation for creating the “volunteer” sector’s own money supply. According to Galbraith this could be done by reversing the operational perspective of that system, and creating a separate parallel system of the money needed to pay for the unpaid work of care-givers and volunteers. Although it would still be considered as “outside of the economy”, Galbraith suggested that it be determined “economic” by viewing it as a debt owed by the community. So if it is a debt, it is also money. This debt is the basis for creating the money to pay for unpaid work. With this method the money necessary for paying the work of care-givers and volunteers will have been created by their own work.

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Annex

SELECTED ILO CONVENTIONS ON GENDER EQUALITY IN EMPLOYMENT RATIFICATION BY CARIBBEAN COUNTRIES

Country	INTERNATIONAL LABOUR CONVENTIONS																											
	29*	81+	87*	89	94	95	98*	100*	103	105	111*	122+	138*	141	142	144+	149	150	151	154	155	156	158	175	177	182*	183	
Antigua & Barbuda	X	X	X	-	X	-	X	X	-	X	X	X	X	-	X	X	-	X	X	X	X	-	X	-	-	X	-	
Bahamas	X	X	-	-	X	X	X	X	X	X	X	-	X	-	-	X	-	-	-	-	-	-	-	-	-	-	X	-
Barbados	X	X	X	-	X	X	X	X	-	X	X	X	X	-	-	X	-	-	-	-	-	-	-	-	-	-	X	-
Belize	X	X	X	X	X	X	X	X	X	X	X	-	X	X	-	X	-	X	X	X	X	X	X	-	-	-	X	X
Dominica	X	X	X	-	X	X	X	X	-	X	X	-	X	-	-	X	-	X	-	-	-	-	-	-	-	-	X	-
Grenada	X	X	X	-	X	X	X	X	-	X	X	-	X	-	-	X	-	-	-	-	-	-	-	-	-	-	X	-
Guyana	X	X	X	-	X	X	X	X	-	X	X	-	X	X	X	X	X	X	X	-	-	-	-	-	X	-	X	-
Jamaica	X	X	X	-	X	-	X	X	-	X	X	X	X	-	-	X	X	X	-	-	-	-	-	-	-	-	X	-
St. Kitts & Nevis	X	-	X	-	-	-	X	X	-	X	X	-	X	-	-	X	-	-	-	-	-	-	-	-	-	-	X	-
Saint Lucia	X	-	X	-	X	X	X	X	-	X	X	-	-	-	-	-	-	-	-	X	-	-	X	-	-	X	-	-
St. Vincent & The Grenadines	X	X	X	-	X	X	X	X	-	X	X	-	X	-	-	-	-	-	-	-	-	-	-	-	-	-	X	-
Suriname	X	X	X	-	X	X	X	-	-	X	-	X	-	-	-	X	-	X	X	X	-	-	-	-	-	-	X	-
Trinidad & Tobago	X	-	X	-	-	-	X	X	-	X	X	-	X	-	-	X	-	-	-	-	-	-	-	-	-	-	X	-
TOTAL	13	10	12	1	11	9	13	12	2	13	12	4	11	2	2	11	2	6	4	4	2	1	2	1	0	13	1	

TITLES OF CONVENTIONS

No. 29	Forced Labour, 1930
No. 81	Labour Inspection, 1947
No. 87	Freedom of Association and Protection of the Right to Organize, 1948
No. 89	Night Work (Women) (Revised) [and Protocol], 1990
No. 94	Labour Clauses (Public Contracts), 1949
No. 95	Protection of Wages, 1949
No. 98	Right to Organize and Collective Bargaining, 1949
No. 100	Equal Remuneration, 1951
No. 103	Maternity Protection (Revised), 1952
No. 105	Abolition of Forced Labour, 1957
No. 111	Discrimination (Employment and Occupation), 1958
No. 122	Employment Policy, 1964
No. 138	Minimum Age, 1973
No. 141	Rural Workers' Organizations, 1975
No. 142	Human Resources Development, 1975
No. 144	Tripartite Consultation (International Labour Standards), 1976
No. 149	Nursing Personnel, 1977
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No. 151	Labour Relations (Public Service), 1978
No. 154	Collective Bargaining, 1981
No. 155	Occupational Safety and Health, 1981
No. 156	Workers with Family Responsibilities, 1981
No. 158	Termination of Employment, 1982
No. 175	Part-time Work, 1994
No. 177	Home Work, 1996
No. 182	Worst Forms of Child Labour, 1999
No. 183	Maternity Protection, 2000

* Fundamental Conventions

+ Priority Conventions

NATIONAL LEGISLATIONS ON EMPLOYMENT, EQUAL OPPORTUNITY AND MATERNITY PROTECTION IN THE ENGLISH-SPEAKING CARIBBEAN COUNTRIES.¹⁰⁵

Antigua and Barbuda	Social Security Act (1973)
Bahamas	Fair Labour Standard Act (1970), Employment Act (2000), National Insurance Act (1972), Early Childhood Care Act (2004), National Health Insurance Act (2006)
Barbados	Employment Act (1977), Employment of Women Act (1978), National Insurance and Social Security Act (1966)
Belize	Labour Act (1988), Labour (Maternity Protection) Regulations no. 34/1960, Social Security Act (1979)
Dominica	Labour Standards Act (1977), Social Security Act (1975)
Grenada	Employment Act (1999), Maternity Leave Law (1980), National Insurance Act (1983)
Guyana	Labour Act (1984), Equal Rights Act (1990), Anti-discrimination Act (1997), Social Security Act (1969)
Jamaica	The Women (Employment) Act, The Employment (equal pay for men and women) Act, National Insurance Act (1966), The Maternity Leave Act (1979), National Health Insurance Act (2003)
St Kitts and Nevis	Fair Labour Standards Ordinance (1988), Social Security Act (1977)
Saint Lucia	Equality of opportunity and treatment in employment and occupation Act (2000), National Insurance Act (2003)
St Vincent and the Grenadines	Equal pay Act (1994), Employment of women, young person and children Act, Social Insurance Act (1986)
Trinidad and Tobago	Equal opportunity Act (2000), Legal profession Act (1986), Social Insurance Act (1971), Maternity Protection Act (1998)

¹⁰⁵ Source: www.ilo.org (February 2007).

**RESPONSES OF GOVERNMENTS TO THE QUESTIONNAIRE ON UNPAID WORK
SENT OUT IN 2006**

Country	Constitutional Provisions which recognize women's unpaid domestic work	Legislation that promote harmonization of work with family life	Statistical research on unpaid domestic work
Anguilla			
Antigua and Barbuda	-	-	-
Bahamas	No constitutional provisions	None	None
Barbados	No constitutional provisions	None	None
Belize	<p>Amendments by the Government in 2001 to the <i>Supreme Court of Judicature Act</i> (91 148A) provide for the value of unpaid domestic labour, including child-rearing, to be included in the distribution of property upon the termination of a marriage or common-law union.</p> <p>The Belize National Gender Policy through its commitments seeks to accelerate progress in this area by addressing issues such as the unpaid economic value of domestic labour, equity in employment opportunities, child-care, access to credit and pension entitlements.</p>	None	<p>While no research was carried out on unpaid work -</p> <p>The Government of Belize appointed in May 2006 a Minimum Wage Council to examine paid domestic work as well other wages. In January 2007 Cabinet received the recommendations of the Council and approved that wages for domestics would be increased from \$2.25 to \$3.00 per hour.</p> <p>Women Issues Network-Belize, a non-governmental organization, conducted a study in 2006 on paid domestic wage. This study was submitted to the Minimum Wages Council.</p>
British Virgin Islands	-	-	-
Cayman Islands	No constitutional provisions	<p>Part II, Section 19 of The Labour Law (2001 Revision) allows for 12 calendar weeks of Maternity Leave in any 12 month period. Within the 12 calendar week period, 20 working days are full pay and 20 working days ½ pay. This law also acknowledges 9 calendar weeks (15 working days full pay) for female employees who are</p> <p>adopting a child under 3 years.</p> <p>Adoption leave may be granted to any female employee once in any 36 calendar months.</p> <p>The Public Service Management Law 2005, Personnel Regulations 2006 provides female government employees the same Maternity Leave benefits as the Labour Law.</p> <p>Additionally, this law allows for two weeks Paternity Leave for male civil servants (one week paid, one week unpaid). Note: The current Labour Law (2001) operating does not allow for Paternity Leave. However, Section 21 of the Employment Law 2004 which is assented to but is not in force/not operational does allow</p>	<p>None – However, the 1999 Cayman Islands Population and Housing Census does have data regarding the number of hours persons self-reported that</p> <p>they spent on unpaid housework, unpaid childcare and unpaid elderly care. This data is broken down by district and sex.</p>

		for 2 weeks Paternity Leave (½ paid, ½ unpaid) as well as paternity leave for adoption.	
Dominica	-	<p>Although there are no legal provisions with reference to harmonization of work with the family life, there has been public discussion or dialogue resulting in representation of such issues: In a recently developed national gender policy, and current OECS family laws and domestic violence law reform initiative.</p> <p>Policy recommendation includes among others Provisions for child care Flexi time and Paternity leave</p>	No Study - In the last census unpaid domestic work was accounted for in national statistics
Grenada	-	<p>The following Sections of the Employment Act (No. 14) 1999; 26 – Provisions prohibiting discrimination in employment</p> <p>32-35 – Prohibition of Child Labour</p> <p>37-40 – Hours of Work;</p> <p>40 - Special Provisions for Young Persons;</p> <p>59-70 – Provisions governing Maternity Leave</p> <p>72 - Provisions allowing employees to take leave for family responsibilities-</p>	-
Haiti	-	Fair labor standards act, treating Chapter III of the weekly rest and the public holidays; art: 107, 108 - Fair labor standards act, chapter VII, treating work of the women.	Investigation ENFOFANM into the Remunerated House work, completed by Myriam Merlet, article AYITI FANM, a publication ENFOFANM, Vol.14 No 56, December 2003, January, February, Mars 2004.-
Jamaica	<p>The Property (Rights of Spouses) Act, 2004 introduced new statutory rules to provide for the equitable division of assets upon marriage or relationship breakdown.</p> <p>The Act recognizes the contribution made by a spouse in the performance of unpaid domestic work. It recognizes women's contribution made in the areas of child-care and home duties. It stipulated that there should be no presumption that a monetary contribution is of greater value than a non-monetary contribution</p>	None	<p>Women's use of time in Social Reproductive activities – 1999 by the Planning Institute of Jamaica.</p> <p>Publication – Jamaica Human Development Report 2000.</p>
Saint Lucia	-	-	-
St. Maarten'			
St. Vincent and the Grenadines	No constitutional provisions	None	None

Suriname	No constitutional provisions	Personnel act December 31, 1962, amended SB 1990 No 36. (Article 45.1.a and 46 is about maternity leave): states that in case of maternity dispensation of duty is given. Women have the right to 12 weeks paid maternity leave; 6 weeks before and 6 weeks after delivery date.	A study “Verkennd beoordeling van mensenhandel in het Caribisch gebied” (Investigation of Trafficking in persons in the Caribbean) by the International Organization for Migration, June 2005 states that paid domestic work is done most by women and is also informal, hardly noticeable, undervalued and unprotected.
Turks and Caicos Islands	-	-	-

**PROPORTION OF HOUSEHOLDS AND UNEMPLOYMENT RATES BY SEX
FOR ECLAC/CDCC MEMBER COUNTRIES**

Country	Head of household by sex (1995)		Unemployment rate by sex (2000*)	
	Proportion of males (%)	Proportion of females (%)	Male (%)	Female (%)
Anguilla	67.8	32.2	6.3	9.0
Antigua & Barbuda	58.5	41.5	6.4	5.6
Aruba	77.3	22.7	6.7	8.4
Bahamas	64.1	35.8	6.0	9.7
Barbados	56.5	43.5	7.5	11.4
Belize	78.0	22.0	9.0	20.3
British Virgin Islands	71.3	28.7	3.4	3.1
Cuba	72.0	28.0	...	...
Dominica	62.7	37.3	19.6	27.2
Dominican Republic	70.0	30.0	...	...
Grenada	57.3	42.7	10.5	21.2
Guyana	70.5	29.5	6.2	14.3
Haiti	61.3	38.7	...	...
Jamaica	58.0	42.0	10.2	22.3
Montserrat	60.0	40.0	...	...
Netherlands Antilles	66.0	34.0	10.4	18.1
Puerto Rico	72.0	28.0	...	...
St. Kitts and Nevis	56.1	43.9	...	...
Saint Lucia	59.6	40.4	12.6	20.7
St. Vincent & The Grenadines	60.5	39.5	18.4	22.1
Suriname	80.0	20.0	7.2	17.0
Trinidad and Tobago	73.5	26.5	10.2	15.2
U.S. Virgin Islands	67.0	33.0	...	...
Mean	66.0	33.9		
Low	56.1	20.0		
High	80.0	43.9		

Source 1: Poverty Eradication & Female-Headed Households (FHH) in the Caribbean (POV/96/2) ECLAC
Source 2: ILO Subregional Office for the Caribbean

*2000 or most nearest available

Inside and outside the afro-Caribbean diaspora

Regla B. Diago Pinillos

Abstract

One of the most important factors to be considered in terms of the development of the countries of our region is the Afro-Caribbean Diaspora.

Millions of individuals from Africa and their descendants contributed and are currently contributing to the region's cultural, economic, political and social development.

Historical factors determined not only by the transatlantic trade in African slaves, but also by the entire process of the slaveholding system and ignorance regarding the true history of Africa, even today, result in many Afro-descendants being excluded from countless development possibilities.

“Social cohesion” both inside and outside the Diaspora and the understanding of the African legacy “as machinery for development”, are necessary in order to truly access the significant and profound roots of that Diaspora.

This article is focussed on the following objectives:

(a) Contribute to the knowledge of several details ignored in the history of Africa in the fields of social, economic, political, ethical, aesthetic and cultural relations, among others; and

(b) Analyse the specific impact that the current critical global situation has on the interrelation of the changes occurring in the socio-historical, economic and cultural domains, both inside and outside the Afro-Caribbean Diaspora.

This article introduces the approach to a theoretical-methodological quest to recognise African Oral Tradition as one of the most important social sciences for Latin American and Caribbean studies that would help to eliminate marginalisation and religious, gender and ethnic minority conflicts within our region, in addition to which, it seeks to open up another channel through which fruitful exchanges of opinion from different perspectives could continue regarding the possibilities of integration and co-operation among the countries of the region.

A. Introduction

“The Caribbean is the region of a thousand and one definitions”. Regla Diago Pinillos (2005:1).¹⁰⁶

The arrival of the first slave ship to the coasts of what was erroneously referred to as the “New World”, launched one of the most complex and polemic processes known in the history of humanity: the slave trade.

The forced departure of millions of Africans from their continent of origin to unknown lands, under inhumane conditions, is unparalleled. The advocates of this horrendous buying and selling of human beings gave rise to the entire macabre sequence of events that led to the existence of the Afro-American and Afro-Caribbean Diaspora. Studies that shed light on the motives and consequences of that “trade” will always abound. Nevertheless, there is a growing need for highly profound analyses with respect to the complex effects produced, which after more than five centuries, can be observed in the tangled plot that this complicated socio-economic, political, historical and cultural phenomenon has become.

Authors of various trends have approached the history of this phenomenon with more or less objectivity. Millions of books, in different languages, tackle the history of African slavery, and astonishingly, we always discover that many of its problems can even be analysed and many of them are also likely to be changed, in so far as approaches are concerned.

The advent of the twenty-first century, marked by one of the most convulsed stages in the history of mankind, presents various challenges to Africanists and other scholars; since the globalising and hegemonic trends in social studies and in other important areas of knowledge, quite often, complicate the serious and rigorous advancement of research on this topic.

For a long time, the so-called “western world” disregarded the voices of African researchers in their analyses regarding the phenomenon of the enslavement of millions of their compatriots. Today, there is still a great deal of vital information pertaining to this cruel stage in history that remains “dormant”, fervently safeguarded in European archives that are virtually “inaccessible” to its legitimate heirs. Moreover, transnational companies continue to overexploit the resources of the African continent:

“Tens of western multinational biotechnological and pharmaceutical companies are illegally using African biological resources to develop highly lucrative products in their laboratories whose benefits do not reach their countries of origin, thereby violating the UN Convention on Biodiversity, as indicated in a joint US and South African report (...) The report reveals that multinational companies are combing the entire African continent in search of samples of both plants and bacteria, which they subsequently process in their own laboratories. With those samples, the companies develop patented products that are particularly lucrative, whether plants for gardens in Europe, natural remedies for impotence or products used to fade designer jeans”.¹⁰⁷

Poverty, hunger and disease loom over most Africans and, in Latin America and the Caribbean, the heirs of their patrimony - the Afro-descendants - continue to increase the legions of the marginalised and excluded.

The valuable efforts undertaken by UNESCO in recent decades, together with those of other numerous national and international organisations and institutions, in many countries, have led to the opening up of a gap in the intricate web produced by the history of the entire course of the African

¹⁰⁶ Diago Pinillos, Regla. The Caribbean: zone of resistance and sustainability. (El Caribe: zona de resistencia y sostenibilidad) Paper presented at the International Academic Seminar “Diplomacy and International Relations in the Greater Caribbean”. Higher Institute of International Relations “Raúl Roa García” (ISRI). Page 1. (Not published) 07-Dec-2005. Havana.

¹⁰⁷ Report published by the daily London newspaper ‘The Independent’ on 23-02-2006; disseminated via the website: <http://www.rebellion.org/noticia>, on the same date.

Diaspora and its links - recognised or not - with its African ancestors. One of the most outstanding efforts of this endeavour is The Emancipation Support Committee of Trinidad and Tobago¹⁰⁸ founded in 1992, by the renowned economist and Trinidadian Pan-Africanist Khafra Kambon. This Organisation, together with the Clement Payne Movement of Barbados, established in September 2004, the African Diaspora Civil Society Network of the Caribbean, sponsored by the African Union (AU).

The Greater Caribbean, so rarely described in the large information transnationals, with its group of small, delightful and charming islands - “is Africa infinite and multiplied”.¹⁰⁹ In order to recognise this, one needs to only look closely at the daily behaviour of the majority of the Afro-descendant population of these countries - ‘invisible’ to a large extent by their being disregarded in censuses and news commentaries.

These small states, thriving and heroic territories that periodically come face to face with severe natural disasters - hurricanes, floods, droughts, etc.- are reservoirs and in turn laboratories of and for the demonstration of the way in which it has been carried on in those states, on the shoulders of the women, the elderly, men and children, the most valuable of the legacies of the African continent: cultural resistance.

According to the distinguished Senegalese intellectual and scientist Cheik Anta Diop (1986: 58):

“The cultural identity of a people is linked to three key factors - history, linguistics and psychology, the last of these, in its broadest sense, can encompass religious characteristics - where importance varies according to the historical and social circumstances of each society. Without the absolute presence of these three factors, whether in a people or an individual, complete cultural identity will not be possible.”¹¹⁰

Despite the fact that usually there are always studies conducted on the socioeconomic impact of the African slave trade, without a doubt, that trade - in light of the specific characteristics of those who were involved in it as ‘commodities’¹¹¹ - had a tremendous cultural impact.

It was the same Anta Diop who said that “the strength of Black Africa lies in its cultural unity”. We can find this unifying characteristic throughout the Caribbean and, undoubtedly, the cultural events of the African Diaspora are those that pave the way to establishing the identifying characteristics of the region in general. It is imperative to closely examine the historical roots of the Diaspora in order to conduct any type of analysis of its attributes and perspectives. And those roots are firmly planted in Africa, with its lands still unknown and with an evolution that is quite often concealed and distorted.

¹⁰⁸ Every year, since its inception, this Committee celebrates the Emancipation Season, which begins in June, with a ‘Series’ of Conferences led by eminent Africanists from different countries; these run until the last week in July, during which numerous activities are developed - like the now well recognised Transatlantic Trade and Investment Symposium - which conclude on August 1 with the multitudinous and eye-catching national celebration of Emancipation Day, in commemoration of the date of the Abolition of Slavery in the English-speaking Caribbean; although by its spirit, scope, and the numerous nations participating in it, it is now a celebration that belongs to the entire Caribbean, to Africa and to the world. Website: www.emancipationtt.org

¹⁰⁹ *Idem cit.* 1.

¹¹⁰ Diop, Cheik Anta. The three building blocks of culture. (August-September.1982). In *The UNESCO Courier*. (May-June. 1986). Paris.

¹¹¹ It is a question of men, women and children, with a series of innate biological characteristics and a certain physical make-up that allowed them to use their bodies and minds as executors and reservoirs, respectively, of special skills and extraordinary capacities, on one hand; and whose particular training in the conditions of a daily life strongly linked to the community and nature, on the other hand, transformed them into veritable moving archives of an immense wealth of various types of cultural events and actions, in the midst of the terrible living conditions imposed on them in lands unknown to them, to which they adjusted after transforming and recreating the new environment to which they were violently transplanted.

It is therefore essential - as the first step - to make known many aspects associated with the history of Africa prior to the arrival of the first “missionaries”, “travellers”, “adventurers” or whatever their name may be; who, after the initial moment of astonishment in the face of so much magnificence of every kind, shifted to a second moment of pillaging and depredation.

Scores of “western” publications echoed the racist and excluding criteria of their authors and clamoured about the lack of history in that continent, as a means of hindering that of its inhabitants and that of those who were taken “beyond the sea” on a journey from which there was no return.

A great deal of time has passed, more than five hundred years, since the arrival of the first African slaves to the lands of the Caribbean and it may be surprising that, after so many generations, it is possible to find among Afro-descendants the unmistakable marks of their ancestry. However, if we delve deeply into the attributes of traditional African cultures we find that everything is part of a process, part of what is referred to as the “endless cycle”.

The linguistic factor has a fundamental influence on the studies of the Afro-Caribbean Diaspora, not only due to the well-known difficulties that exist in order to achieve communication among the citizens of the countries that constitute the region, but also by the extraordinary role that it played and continues to play in many aspects which, on a daily basis, can go by unnoticed. It is an essential element of unity. It was not by chance that the slave masters separated the members of the same African “nations” at the time of their departure for unknown lands, nor was it happenstance that the slaves were forbidden from playing the drums, which in pre-colonial Africa served as an important means of communication at both proximate and long distances.

Finally, the psychological element, obviously fundamental for our analysis, that which was driven to immeasurable extremes throughout the entire process of the African slave trade: from the moment of the capture and the uprooting of individuals from their families and environment; then, during the endless journey to the coasts, whether via land or through the rivers running parallel to said coasts so as to avoid scrutiny; at the moment of the departure, being part of a one way journey; followed by the Middle Passage, that interminable period with a mixture of crushing wood, chains, promiscuity and foul odours, mercilessness, saltpeter and hopelessness; then, the arrival at strange lands; later on, landing in situations that were quite often desperate and infuriating, whether by the conditions of the heavy swell, very far from the presence of the “safe” wall, or by the pressure and urgency brought about by the fear of being discovered in the midst of such an important time in the chain of events of that illicit trade; next, the sale in the midst of extreme humiliation reduced to the category of animals and quite often lower than that and who knows if this was accompanied by a second uprooting from the family. Later on, the daily torture of the plantations, mines or other work sites: the shackles, the iron masks, the clamps, the cracking of the whip, the merciless sun or rain, the branding with the hot iron, the unceasing degradation, or the domestic service, with its subtle and constant mark of annihilation of the personality. In both settings (on the plantation or in the houses) there always lived the ghost of sexual abuse inflicted by the masters on the slaves in their service, accompanied by the intrigues and lies with respect to those who started the interminable series of love conflicts arising out of ‘the pleasure of the forbidden’. For that entire period, ‘sanctifying’ the venture and creating the genocide of bodies and also aspiring to that of the souls, there was the endeavour of forced religious conversion. The imposition to renounce their intimate spirituality, branded as pagan and evil.

The coming of Emancipation after several centuries of the slaveholding system - with the well-known, very much “Caribbean” mixtures of different economic social formations - and the sudden socio-historical political changes that characterise our lands, left their mark on the shaping of the Afro-Caribbean Diaspora.

Each of the different countries that constitute this region, with their own attributes, systems of government and environmental particularities, today exhibit an astonishing kaleidoscope of African cultural heritage. Cognisant or not of that, whether assuming themselves to be heirs of those cultures or ashamed of them, the Afro-Caribbean people are here, leaving their mark, making an impression,

openly fighting to offload the burden imposed by the old metropolises - slaveholders at first, then colonialists and neo-colonialists, but always dominant.

B. The situation of the afro-descendants in Latin America and the Caribbean in contemporaneity

“The causes and effects of racism and discrimination lie at the root of our Latin American societies and cultures” Bello, Álvaro and Rangel, Marta (2002:40).¹¹²

Historically, Afro-descendants are those who further inflate the statistics generally almost always promoting the various negative aspects that mark the social division existing in the region.

They are many, the vicissitudes which, for many centuries, Afro-descendants have had to undergo as consequences of the slavery to which their ancestors were subjected. We must not lose sight of the fact that their true names and last names were snatched from them to be replaced with others that did not belong to them: those of their slave masters. Added to this initial loss of patrimonial and maternal identity, on a daily basis, was what the notaries imposed on them in the Notarial Records of the various populations by giving them names and last names according to their own consideration. Therefore, many brothers and sisters, sons and daughters of the same father and mother - especially in the Spanish-speaking Caribbean and Latin America - do not have the same last names; since they were given as their first name that of the parent who agreed to register them in spite of the legislation in force that stipulated that the first name would be that of the father. In requesting the Registration of Birth for any legal procedure - after several years had passed - the irregularity was discovered, whose amendment was sometimes virtually impossible or highly costly and difficult for those involved. Today, many of these conflicts still affect Afro-descendants who have become “pages torn from a large book whose sheets - violently ripped out - were cast to the wind”.

After time, this has led to numerous problems when establishing kinship or seeking to prove affiliation with a specific family or origin in a specific country. ‘Forced’ intra-Caribbean migrations during the time of slavery, the product of the illicit coming and going of slaves from one island to another, or the kidnapping and subsequent sale as slaves of individuals who previously were not - understandably without their identification documents in the last of these cases - up to today, affect the descendants of third and fourth generations who have no way of proving the certainty of the origin declared by their grandparents and great grandparents and which has been preserved in family stories handed down from generation to generation.

Additionally, throughout the course of history, a process of “whitening” was developed which included, during the colonial era the ‘legal’ purchasing of titles indicating possession of “white blood” on the part of many individuals of mixed race, born of African mothers and European fathers and, to a lesser extent, the opposite case involving children of European mothers and African fathers. This, coupled with the sense of their own contempt for their origins, brought about and even continues to lead to the denial of African origin in the population censuses that have been carried out for years in the region. Hence, the reason why on countless occasions, the statistics officially released do not reflect the reality of the number of Afro-descendants living in the zone and in some countries, there is no reflection of the presence of those who quite often populate those countries by great numbers. Countless censuses during the colonial era did not even take into consideration the presence of the blacks.

It is also true that “since the olden days, the countries of the region in which there is an Afro-descendant population, have developed category formats that dilute this population into various groups or

¹¹² Bello Álvaro and Rangel, Marta. Equity and exclusion in Latin America and the Caribbean: the case of indigenous and Afro-descendant people. (La equidad y la exclusión de los pueblos indígenas y afrodescendientes de América Latina el Caribe). ECLAC Journal (Economic Commission for Latin America and the Caribbean) United Nations. No. 76. Santiago de Chile. April, 2002. Page 50.

segments. For example, in some countries they have been included in the *ethnic group* category or directly as the *indigenous group*. In several countries like Brazil, Costa Rica and Honduras, there is only one question regarding origin. In Brazil, the interviewee identifies him/herself by “colour or race”, in Costa Rica by the “culture” to which he/she belongs and in Honduras, by “population” group (Garífuna and/or English black). In Guatemala self-identification is done on the basis of the ethnic group that the interviewee considers him/herself to be a member of and in Ecuador, the question asked is how the individual “perceives him/herself” using response options such as indigenous, black, Afro-Ecuadorian, mestizo/mixed, mulatto and other, (Rangel, 2005). In Brazil, the black population corresponds to all “pretos” (blacks) and “pardos” (mestizos/mixed and mulattoes). According to the same study in Costa Rica it includes those individuals who responded that they belong to the “Afro-Costa Rican or black” culture. In Ecuador, the Afro-descendants correspond to all “blacks (Afro-Ecuadorian)” and “mulattoes”.

In addition, in relation to the Afro-descendant population, demographic censuses do not ask about this characteristic in all the countries. Secondly, where the race/colour variable is asked about, the response of the interviewee is conditioned by a number of factors such as income and education levels, (*) awareness of negritude, the need for “whitening”, etc. All this makes it difficult to compare the data of different countries.”¹¹³

Undoubtedly, the extensive quote above reveals to us the degree of complexity of the situation with respect to the knowledge of the exact number of Afro-descendants in the region, a matter that should be given greater attention due to the fact that “the problem of statistics is fundamental. Without reliable data, without indicators and periodic measurements, it is impossible for political decisions to be taken in order to address the problem of discrimination. Statistics also have an undeniable political component, since for those affected it means the visibility of their situation as well as a form of recognition in the eyes of others. For States and governments, the management of statistics has been linked quite often to the denial of racism, discrimination and xenophobia.”¹¹⁴

Despite these difficulties and others of a different nature that limit true knowledge of the exact number of Afro-descendants in the area, it is expressed that “a very rough estimate of the black and mulatto/mestizo population yields a total of some 150 million Afro-descendants for the region (see table), or about 30% of the total population. Geographically, they are to be found chiefly in Brazil (50%), Colombia (20%) and Venezuela (10%) and in the Caribbean (16%), where they are the majority in several countries”.¹¹⁵

The events occurring in contemporaneity speak of the pressing need to return to that almost one third of the population of the region, all its civic rights. Although it is true that there is an interest in achieving this and that numerous actions have been undertaken in order to do so (*), it does not change the fact that there is still much to be done. The technological advancements that seeks to keep those interested informed of the agreements and resolutions that continue to be unconditionally formulated by institutions, governments and civil society are simply not enough. Most of them would not learn of such advancements since they do not have access to them. In these times, there should not be the occurrence of the situations related by grandparents and great grandparents to their grandchildren and great grandchildren that speak of the way in which many African slaves died without knowing that they were

(*) The authors then introduced the following quotation: “In Brazil, for example, persons who classify themselves as white have longer years of schooling and fall into a higher income bracket, while those who classify themselves as black, have fewer years of study and fall into a lower income bracket. Which can lead to the absurd conclusion that money *whitens* and that inversely, poverty *blackens* (Silva, 1994).

¹¹³ Hopenhayn, Martín, Bello Álvaro, Miranda Francisca. Indigenous peoples and Afro-descendants in the new millennium (Los pueblos indígenas y afrodescendientes ante el nuevo milenio.) *Social Politics Series, No. 118*. Social Development Division. ECLAC. United Nations. Santiago de Chile, April 2006.

¹¹⁴ Idem ant.

¹¹⁵ Idem cit. 7. Page 49. Also appears in Hopenhayn et al. page 26.

(*) In order to have a broad perspective of several advancements related to the improvement of the living conditions of Afro-descendants in various countries within the region, see: (Hopenhayn et al: 2006:41-51).

free, since slavery had been abolished for many years and no one bothered to give them the news. Many never learnt of it. Even that ‘right’ was withheld from them. What is most important is to make it known by all means possible, the many aspects addressed in the preceding pages and in those to come. Simple procedures often contribute to the achievement of great undertakings.

The table¹¹⁶ (*) appearing below illustrates some of the issues expressed earlier:

TABLE 1
LATIN AMERICA AND THE CARIBBEAN: ESTIMATES FOR THE BLACK AND MULATTO
POPULATION,^A BY COUNTRY, 1998

Country	Year %	Blacks (%)	Mulattoes (%)	Population 1998	Black + mulatto population
1. Antigua and Barbuda	1970	81.4	8.6	67,000	60,300
2. Netherlands Antilles				213,000	
3. Argentina				36,125,000	^b
4. Bahamas				300,000	
5. Barbados	1980	91.9	2.6	268,000	253,260
6. Belize	1991	6.6	43.7	230,000	115,690
7. Bolivia				7,957,000	^b
8. Brazil	1995	4.9	40.1	166,296,000	74,833,200
9. Chile				14,822,000	^b
10. Colombia	1991	5.0	71.0	40,804,000	31,011,040
11. Costa Rica				3,840,000	^b
12. Cuba	1981	12.0	21.8	11,116,000	3,757,208
13. Dominica	1981	91.2	6.0	71,000	69,012
14. Ecuador				12,175,000	^b
15. El Salvador				6,031,000	^b
16. Grenada	1980	82.2	13.3	93,000	88,815
17. Guadeloupe				443,000	
18. Guatemala				10,802,000	^b
19. Guyana	1980	30.5	11.0	856,000	355,240
20. Haiti	1999	95.0		8,056,000	7,653,200
21. Honduras				6,148,000	^b
22. Jamaica	1970	90.9	5.8	2,539,000	2,455,213
23. Mexico				95,830,000	^b
24. Nicaragua				4,807,000	^b
25. Panama				2,767,000	^b
26. Paraguay				5,223,000	^b
27. Peru				24,801,000	^b
28. Dominican Republic	1991	11.0	73.0	8,232,000	6,914,880
29. St. Kitts and Nevis	1980	94.3	3.3	41,000	40,016
30. St. Lucia	1980	86.8	9.3	148,000	142,228
31. St. Vincent and the Grenadines	1980	82.0	13.9	115,000	110,285
32. Suriname		15.0 ^c		416,000	62,400
33. Trinidad and Tobago	1980	40.8	16.3	1,284,000	733,164
34. Uruguay				3,289,000	^b
35. Venezuela	1991	10.0	65.0	23,242,000	17,431,500
Total				499,447,000	146,084,651

^a The black and mulatto population percentages were obtained from the United States Bureau of the Census, International (www.census.gov), except for Brazil (www.ibge.gov), Haiti (www.odci.gov) and Colombia, the Dominican Republic and Venezuela (Larousse Moderno, 1991). Population totals were obtained from ECLAC (1999).

^b The census does not ask about (African) racial origin.

^c Price (1995)

¹¹⁶ Idem cit. 7 page 50.

(*) The letter ‘c’ that appears at the end, has no reference in the table, as can be observed. It is possible that it corresponds with the blank spaces in the right column.

Despite the ongoing efforts of the international community, including the governments and local authorities of many of the countries involved, the statistics corroborating the arduous situation of the Afro-descendants are not on the decline. At the same time, they are the ones receiving lower salaries for work done in positions where employees with lighter skin receive a higher remuneration. Both men and women feel the severity of these circumstances, but among women, this situation takes on a greater dimension with the addition of the categories of both gender and race. Illustrative examples of these situations are found in Brazil, “the country with the largest black and mulatto population in Latin America. In the metropolitan area of Rio de Janeiro, about 60% of black and mulatto men carry out manual work in industry, as against 37% of white men. While some 40% of black and mulatto women work as domestic servants, the figure for white women is just 15%. (Rangel. 1998).”¹¹⁷

This reality is coupled with the fact that they are also the ones most distanced from the benefits of access to education, health services and - paradoxically - the full enjoyment of the cultural assets that they contributed to development.

Moreover, reports indicate that in that country, up to 2001, “in no age group, nor any combination of gender and race, did the rate of labour instability fall below 50% of the population analysed. The percentage of black workers in situations of precarious employment was much higher than that of white workers throughout the period 1992 to 2001, in both sexes and in all age groups, always recorded around two-thirds or more of the population analysed. Among young blacks between the ages of 16 and 24, the rate always exceeded 70% and reached 76.5 in the case of black women. (Borges Martins, 2004).”¹¹⁸

ECLAC surveys speak of extreme poverty among the indigenous people and Afro-descendants of 14 Latin American and Caribbean countries, namely Costa Rica, Haiti, Colombia, Honduras, Peru, Ecuador, Brazil, Bolivia, Nicaragua, Guatemala, Chile, Mexico, Panama and Paraguay, where estimates indicate that the level of poverty is exceeded by 1.6 (Colombia) and 7.9 (Paraguay) when compared to the rest of the population. It is interesting to observe that the cases of Costa Rica and Haiti have been omitted, where according to the results, ethnicity does not seem to affect levels of poverty.

The same source indicates that “in the English-speaking Caribbean countries, Afro-descendants generally constitute the majority of the population, although in countries such as Belize, Dominica, Guyana, St. Vincent and the Grenadines and Trinidad and Tobago, other ethnic groups also account for a significant part of the population. In these countries, the situation of the Afro-descendants differs from the rest of the region, since they do not experience the same exclusion of the Latin American societies, owing to the fact that they represent the demographic majority and thanks to the structural changes that took place before and after independence and, especially, as a result of the equality that exists in terms of access to education. Nevertheless, according to poverty estimates during the 1990’s, in Caribbean countries like Guyana and, to a lesser extent, Dominica, there are ethnic inequalities as well, since the Amerindian populations have high representation among the poorest. (ECLAC and other agencies, 2005, pages 52-53).”¹¹⁹

It should be pointed out that this does not mean that the population segment that we are focussing on has all its problems solved in those countries - besides their situation is obviously much more favourable than in the rest of Latin America and the Caribbean - and that they have completely escaped from all the indicators that can conceptualise them in specific cases as marginalised or excluded, as well as discriminated.

In recent years, several important analyses conducted on social exclusion and poverty by organisations such as ECLAC, for example, do not include - as did other similar analyses at the start

¹¹⁷ Idem cit. 7.

¹¹⁸ Idem cit. 8 page 30.

¹¹⁹ Idem cit. ant, page. 28.

of the millennium - the term “Afro-descendants” in the population categories that are the subject of studies such as that which we are undertaking. Important data could be found in the sections that included this population segment as “*indigenous peoples and Afro-descendants*”. For example, one crucial analysis that allows for a better understanding of the current situation of the populations that make up the societies of different Latin American and Caribbean countries, introduces a new category: “*indigenous peoples*” and “*non-indigenous peoples*” which “dilutes” “*Afro-descendants*” within the ‘denial’ of the category, and with this, denies the possibility of knowing today, the real situation of that important population that originated from Africans and which continues to be submerged in exclusion, marginality and discrimination. The variables measured in the statistical data appearing in Tables ‘III.4’ to ‘III.11’ - with the information to which they are attached - would provide data of an inestimable value (ECLAC: 2006: 170-208).¹²⁰

It is interesting today, the introduction of the “relative poverty” approach to analyse the evolution of this social catastrophe that has a direct impact on the marginalised and excluded in Latin America and the Caribbean. Nevertheless, it would be highly beneficial to know its indicators in the life of the Afro-descendants of the region where “the definition of poverty that emphasises the inability to deploy the capacities they need to relate properly to the society in which they live. Measuring this type of relative poverty is very challenging in terms of the information required. There is a methodologically simpler alternative, however, which has been used systematically in the European Union. This method consists of setting a poverty line as a percentage of the population’s mean or median income.

The rationale is that, as a country grows and new needs emerge, the standard of poverty shifts on its own, without there being any need to define explicit needs. Based on this method, an assessment of relative poverty can be conducted for Latin America as a complement to the “absolute poverty” approach (*) usually employed in the region.”¹²¹

The variables that are analysed, whose data appears in the statistics included in various tables and charts, provide invaluable information which, if applied to Afro-descendants, would contribute to the endeavour to make them visible to others. In addition, the section entitled “Poverty, inequality and vulnerability in the Caribbean” from the same source (ECLAC: 2006:68)¹²² is highly appropriate in order to ‘visibilise’ Afro-descendants.

1. Development: The Caribbean is not only lived, it is felt (Regla Diago Pinillos)¹²³

The Caribbean region is one of the most interesting areas on the planet in terms of historical evolution. Each of its different stages marked the events that characterise it today as one of the most complex of its time.

The contemporary Caribbean bears the imprint of this entire process. Multiethnic and pluricultural nations struggle in an environment where diversity is such that it is becoming more and more difficult to find channels for necessary and urgent understanding. It is in the midst of this whole socio-historical-political-economic-cultural environment that the Afro-Caribbean Diaspora emerges as a component worthy of consideration when establishing accuracies in terms of the entire current problem being experienced by the region and humanity in general.

¹²⁰ 15. 2006. Social Panorama of Latin America. ECLAC (Economic Commission for Latin America and the Caribbean) United Nations Publication. (LC/G.2326-P) Santiago de Chile.

¹²¹ Idem ant. Page 24.

(*) Its main characteristic is “establish a poverty line that represents the cost of satisfying a set of needs that might be considered essential in any society.”

¹²² Idem ant. Page 78.

¹²³ Diago Pinillos, Regla. Intervention during the preparatory Meeting of the Caribbean Studies Programme of the University of Havana (UH), by the Delegation to the International Congress of the Caribbean Studies Association (CSA) to be held in Trinidad and Tobago. (July 14, 2005). Havana.

The first element to be considered in order to analyse any attributes in relation to Afro-descendants is their undeniable links to the history of the African continent from which their ancestors came, mostly as slaves.

For a long time, Africa was denied the right to display all its historical values. In view of the fact that most of its traditional societies were agraphic, researchers and writers with a racist tendency used this determinant as the main argument on which to base their theories regarding said historicity. The metropolises concealed the reality of the valuable potential accumulated by the African peoples prior to the commencement of the African slave trade.

With that they sought, with the passing of time, to erase forever, the historical consciousness of the slaves and their descendants, as a way of perpetuating colonial dominion over the metropolises and the concept of racial superiority.

This is explained by McPherson, James M. et al (1972:25-26):

“Previous generations of Western historians described Africa as the “Dark Continent”, full of savage tribes and devoid of any attributes of civilisation before the coming of the white man. According this view, slaves brought to America came from a primitive, barbarous culture, and their experience of slavery in the New World was actually a great benefit because it brought them into contact with progressive white civilisation.

In the words of Ulrich B. Phillips, slavery was a “school” in which the black man learned the superior ways of the white man. Without the schooling of slavery (and the later impact of Western imperialism in Africa) blacks would have remained a backward, benighted continent (...) Black historians strove to correct this view, but made little impact on culture-bound white scholarship until the 1940s and 1950s, when new studies in archaeology, anthropology, and history began to confirm black assertions that Africa had enjoyed a rich and complex cultural heritage before Europeans came to exploit the continent. For early black efforts to rehabilitate the image of Africa, see W. E. B. Du Bois, *The Negro* (New York, 1915), chs. 1-8, and *Black Folk: Then And Now* (New York, 1939), chs. 1-7. (...) A classic revisionist study was Melville J., Herskovits, *The Myth of the Negro Past* (New York, 1941), especially ch. 3”¹²⁴

Traditional African societies had a community organisation mechanism that was forced, subtly at first, with the arrival of the missionaries and then drastically with the subsequent arrival of the slaves.

It is said that it may never be known with certainty, the number of millions of human beings who were uprooted from Africa during the slave trade that spanned for centuries. The ‘nations’ that constituted the continent, upon the arrival of the slaveholders, traversed through different economic-social stages. Many of their government structures were comparable with those existing in Europe, while others surpassed them. Flourishing in those nations were nobility, dynastic successions, protocol and advanced parliamentary systems with the full exercise of Common Law.

The community awarded a privileged place to the “griots”¹²⁵ - men and women who were masters of the spoken word, which was considered in all of those societies as a divine gift. These conscientious custodians of the historical-cultural patrimony formed one of the most respected

¹²⁴ McPherson, James M.; Holland, Laurence B.; Banner, James M. Jr.; Weiss, Nancy J.; Bell, Michael D. Blacks in America. *Bibliographical Essays*. Anchor Books Edition. New York. 1972.

¹²⁵ They are known by this name throughout the Maghreb - essentially in the territories that were grouped under what was previously called French West Africa. In the different languages of the various ethnic groups of the entire continent, there is a name to identify individuals who are responsible for such a crucial function; for example, ‘chiorinke’ in one of the Cameroonian languages; but in recent times, the word “griot” has become very well known among Africanists and those interested in a better understanding of the traditional cultures and modernity of that continent.

‘casts’¹²⁶ within the prevailing social strata. Their work toward the community was the use of the spoken word, or rather, the preservation and dissemination of the entire historical-cultural inheritance of the African continent. Their action unfolded in various directions, whether to safeguard the history of the dynastic successions or for the preservation of heroic events of war; the roles of artistic nature; or the complex protocol services in which the nobility was wrapped up in its exchanges within the ‘nation’ itself or in delicate diplomatic services abroad.

So firmly established throughout Africa is the imprint of the ‘spoken word’, that excellence in its use was a characteristic “feature” since ancient times. Many famous Latin American and Caribbean authors wrote essays in which they drew reference to the “loquacity” of the blacks of the Diaspora and in many pejorative references spoke of “chatty” slaves, with the intention of ridiculing an obvious ‘identifying characteristic’. That same characteristic was very much known by the slave masters and is reflected in the sophisticated punishment used to reprimand the boldness of the most rebellious slaves: placing on them an iron mask or muzzle that not only prevented them from eating and quenching their thirst, it also prevented them from speaking. The subtlety in globalised and globalising modernity sometimes results in the upper echelons of power - racist - depriving brilliant Afro-descendant intellectuals, men and women, of the right to freely exercise their inherent capacities for oral expression and the preservation of ideas. They are discriminatory contemporary hegemonic influences.

The pre-colonial history of the continent amounts in its splendour to Ancient Egypt, from the time of the dawn of that civilisation, in the city of Meroe, in the area of the Sixth Cataract of the Nile, to the extreme south of the Great Pyramids, with its black Pharaohs, those whose features appear on the Sphinx and on the colossal statues of the Valley of the Kings and of which “western” European propaganda has not been able to provide ‘whitened’ and ‘stylised’ images – as was done with the face of Queen Nzinga Mbandi Ngola in an image that appears, among other places, on the cover of the text of her biography made into a novel and published by the Angolan writer and diplomat Manuel Pedro Pacavira. She was the heir to the throne of the kingdom of the Congo (christened Doña Beatriz by the Portuguese, whom she tormented constantly).

The unknown history of the African continent also speaks of vast empires such as Matamba (founded by the aforementioned Angolan Empress) as well as many other kingdoms of the Congolese Basin, such as that of the Mboshi - with its tradition of underlining the eyes of the King using the same style as that of the Egyptian Pharaoh Teti I; or that of the Bateke kingdom, also known as Bantu, with the story of the required leopard skin at the feet of its king; or of the Mandinka, an Empire that included the territories of Mali, Senegal and Guinea (Conakry) mainly with Sundjata Keita, and his exciting story as the leader; or of Songhai, also in Mali, with Sonni Ali Ber - or Askia Muhammad - at the helm, who scattered gold along the way of his pilgrimage to Mecca. Mention must be made of the Ghana Empire and the splendour of the Ashanti and the Akhan; as well as the Monomotapa - with the ruins of Great Zimbabwe that continue to amaze humanity up to today; and the Zulu, in South Africa with Shaka as leader, who was one of the greatest military strategists known in universal history. Among the most recognised is the Yoruba Empire “one of the oldest dynasties in the world, with the Oni¹²⁷ of Ife, ancestral home of the Yoruba, belonging to an unbroken succession which dated back to the ninth century” (Aiyejina, Funso & Gibbons, Rawle: 2000:2).¹²⁸ These constitute one of the most renowned ethnic groups of current Nigeria, whose famous kings and queens, brave warriors and important personalities, became the divinities of the world of the Orishas - Omisas, Rule of Ocha, Ocha or Santería - similar to the gods of Greek Olympus; but with the crucial peculiarity of being one of the most widespread and practised Afro-Caribbean and Afro Latin American religions in the world

¹²⁶ The class structure of traditional African societies incorporated the ‘nobles’: individuals of the high ranks of government and the wealthy; in addition to the citizens of ‘casts’ that corresponded with different positions: weavers, blacksmiths, fishermen, artisans, builders and creators of the spoken word (griots), among others.

¹²⁷ One of the acceptations of the word King, in the Yoruba language.

¹²⁸ Aiyejina, Funso & Gibbons, Rawle. Orisa (Orisha) Tradition in Trinidad. Research and Working Paper Series. University of the West Indies. Faculty of Social Sciences. St. Augustine. Trinidad. W.I. 2000.

today - quite often behind closed doors - together with other religions whose deities come from the Iyessa, Ibibio, Efik and EfoK kingdoms, the last two of these from the region of Calabar, or from the Hausas - Muslims - all in Nigeria; or of the Kongos of the Congo, Angola and the Democratic Republic of Congo or the Hereros of Namibia.

The ignored history of Africa also speaks of other thousands of kingdoms throughout the continent, such as the thirteen in succession that formed what is present day Benin, among which stands out former Dahomey, whose capital was the city of Abomey with its famous Palace, which is the National Museum today; as well as the Ethiopian Empire which, with the rise in 1930 of Ras Tafari, Haile Selassie I, as Emperor, laid the bases for Rastafarianism, one of the most deeply rooted religions in the Caribbean region.

Also renowned were the kingdoms of Rwanda, Burundi and Uganda; the first two of them with their secular tribal conflicts that left moments of sad memories in modernity. One needs to only mention the Massai to conjure up one of the most legendary ethnic groups of Eastern Africa, where also recognised among many others were the Makonde, with their unrivalled art and the Makua, both of these in Mozambique. To the north, up to the Mediterranean, through the Maghreb and throughout the Sahel - with the dunes of the Sahara - the Sirocco, Harmattan or Simoom - wind of the desert - records the histories of the nomadic peoples, masters of immensities and participants in the same traditional and ancestral cultural strength of the continent: the Tuaregs and the Berebers who travelled on the backs of camels in mythical caravans; or on spirited steeds, they made inroads toward the interior, to the South, seeking women and riches. A magnificent story, that of the Dogon people, of Mali, conscientious guardians of an impregnable lineage like the Bandiagara Escarpment, where they became strong in their barbaric life, in the steep crags where they could never be subdued; they are creators of the spoken word in a special way; brilliant blacksmiths, with sculptural and artisanal art that astonishes the world; worshippers of Amma, the God of Water, which the griot Ogotemmel made known to the world; curious observers of celestial bodies, very much linked to the ancient Egyptians by their knowledge of, among other things, the orbital movement of the Orion Constellation. And in the heart of Africa, the Pygmies, with their kingdoms, ancestry and unrivalled knowledge of the secrets of the impenetrable rain forest, who are believed to be the original ancestors of the Bantu peoples of the Congolese Basin. The Afro-Caribbean Diaspora is shaped by this entire complex historical amalgam.

Direct heirs of the dynastic successions of kingdoms and empires¹²⁹ came to these lands transformed into slaves; whether by war or by debt - in the early times - and later on, with the slave trade becoming such a lucrative business, there was “human hunting” with any type of resources and all forms of unhealthy complicities. Today, it is understandable the reasons why it was hidden and continues to be hidden from the eyes of the Afro-descendants, the true history of their origins: those who loathe their “savage” past do not think or feel the same, nor do they react in the same way as those who are proud of their hidden lineage. Historical consciousness is an important element that must be cultivated among Afro-descendants and is the first inevitable step in the process of ‘Repairing’ the profound consequences of the countless traumas that slavery, as a whole, has left behind with the passing of time among the descendants of those who endured more and who, at the same time, were the most resistant, both physically and intellectually, to the monstrosity that they were forced to suffer.

The linguistic factor is intimately linked to the historical. Today, from different angles, it still has a powerful impact on the Afro-Caribbean Diaspora.

Africa currently has 53 countries that provide an extremely complex linguistic mosaic. Many of those thousands of autochthonous African languages are facing the tremendous risk of disappearance. Different international organisations like UNESCO and important personalities like the

¹²⁹ Among the millions of heirs ‘of royalty’ brought to our region as slaves, stands out the story of Prince Ashanti who designed and built Fort George in Port of Spain, Trinidad, W.I., as indicated on the plaque affixed to the wall of that building. Visit the place during the SOLAR World Congress 2002. November 2002.

South African President, Thabo Mbeki, have appealed for their preservation. Curiously, contemporary evangelising work, with its actions, has contributed significantly to this endeavour. In their publication (2007: 12-13), Jehovah's Witnesses express it as follows:

“Sincere Bible readers from Europe and North America long recognised the need for Africans to be able to read God’s Word in their own tongues. To this noble end, many men went to Africa to learn African languages. Some gave tongues a written form and produced dictionaries. After that, they set about translating the Bible into many different African languages. This was no easy task. “A man might have to search for years before he found the right term for even the simplest and most fundamental of Christian concepts,” explains *The Cambridge History of the Bible*”.

In 1857 the Tswana people became the first to have a complete Bible translation in one of Africa’s formerly unwritten tongues. (By 1835 the Bible had been translated into the Malagasy language of Madagascar, and by 1840, the Amharic language of Ethiopia. These languages existed in written form long before the Bible was translated into them).

Since the 1980’s, the Governing Body of Jehovah’s Witnesses has made a concerted effort to have the *New World Translation of the Holy Scriptures* rendered into a number of major African languages (...) Thus far, the New World Translation, in whole or in part, is available in 17¹³⁰ indigenous African tongues (...) Another milestone in the production of African-language Bibles was reached in August 2005. During that month, over 76,000 copies of the *New World Translation* in languages spoken in Africa were printed and bound at the South Africa branch of Jehovah’s Witnesses. Included in that number were 30,000 Bibles in the Shona language. This edition was released at the “Godly Obedience” Conventions of Jehovah’s Witnesses in Zimbabwe”¹³¹

Hundreds of years earlier, added to the autochthonous languages of Africa were those of the colonialists, who arrived from different European countries. Many Africans already spoke those languages - in addition to their own - when they were brought to this part of the world as slaves. As a form of self defence in the face of adversity, many of them in these lands, hid this ability from their masters.

The first multi-linguistic contact - imposed - among the languages of those who would subsequently shape the Afro-Caribbean Diaspora, was made en route to the coast of the continent, before leaving for the “journey of no return” on board the slave ships. The second contact occurred in the “forts”, awaiting their departure. A third moment of language refining took place during the ‘Middle Passage’. That dreadful voyage was another point involving the search for the communication necessary for survival in extreme conditions. Finally, after the vicissitudes of the sale; in the plantations, in the mines, in the houses.

Perhaps, they have never been analysed in depth - in a practical way - the details of the linguistic exchanges that took place in the Caribbean zone. Studies are generally focussed more on the description of the various languages and dialects that made contact in this region: the many Amerindian, Mesoamerican or pre-Columbian languages that were spoken on the arrival of the ‘discoverers’, conquistadors and colonisers; the hundreds of languages from Africa and, after, those that also joined the concert: the Asian languages. However, the issue runs deeper than that. Those

¹³⁰ The following are the African languages in which the text cited in quotation 15 is published: “Afrikaans, amharic, baule, efik, ewe, hausa, igbo, iloko, kikongo, kiluba, kiniaruanda kirundi, kongo (*), kwanyama/ndonga, lingala, luganda, lunda, malgache, sesotho, shona, swahili, tshiluba, tsonga, tsuana, umbundu, xhosa, yoruba and zulu”, among others. (Opus cit.15).

(*) There really is no ‘kongo’ language; it is an ethnic group (of present day Angola, Congo and the Democratic Republic of the Congo) whose language is ‘kikongo’.

¹³¹ s/a. Milestones in the production of African-Language Bibles. *The Watchtower. Announcing the Kingdom of Jehovah*. Watchtower Bible and Tract Society. January 15, 2007. Pennsylvania.

contacts were of a different nature: of confrontation, of impositions, of maskings, of necessities and of gratuitousness. Each one: a different psychological conditioning.

The metropolises needed to eliminate the languages of the enslaved and implant theirs, as a means of achieving greater and better job activity and therefore, greater economic returns; and also as a way of avoiding communication among the individuals of the same ‘nation’ exploited by them, anticipating the plotting of possible uprisings. They needed ‘to kill’ their spirit. The slaves tried to not forget their native languages, many of which, being merely oral languages, were lacking systems of written notation. In secret, they sought to preserve them, like in their origins, in notations that they made in their so-called ‘notebooks’. In Cuba, they proliferated these incredible sources of knowledge, which were conscientiously written and safeguarded by the slaves from Africa. In those very notebooks they wrote - in a crucial first act of transcription of the African languages in Latin America and the Caribbean - their customs, their treatments, their culinary and medicinal recipes...their spirituality. Most of them were not appreciated in all their immeasurable value by their legitimate heirs and they handed them over to many notable researchers who considered them to be ‘their informants’. Today, this knowledge forms part of many master pieces of Anthropology and Ethnology. Such is their value. Some are being published and sold at incredibly high prices, inaccessible to humble people, most of them Afro-descendants.

This entire complex and ‘tough’ process is the patrimony of the Afro-Caribbean and Afro Latin American Diaspora, although perhaps there still does not exist that ‘sensitivity’ toward the linguistic aspects. It is spoken and that’s it. However, the transition has been much more profound than simple and necessary learning. It should be praised. It is yet another undeniable feat of the Afro-descendants. And another identifying point that must be included in the concept of ‘Reparation’: that of linguistic consciousness”.

Language is a spiritual factor of immeasurable value. It is the identity of a nation. How does it function at the level of a continent? In the case of Africa, despite the obvious linguistic variety, there is a unifying element with respect to this particular feature and it is the fact that all their languages are ‘tonal’. This affords them the possibility of a closeness of interests from the phonological point of view: a certain phonic kinship related to the pauses of articulation. Nevertheless, each one of them maintains its tonal individuality, as well as its morpho-syntactic and grammatical peculiarities; not to mention the lexical. They possess their own distinctive features, eternally linked to rhythm and musicality, to such an extent that, for example, in Mali, the griots of the Senufo ethnic group cannot interpret with their balafons (marimbulas) or their koras (harps) the Mandinka or Bambara epics and vice versa, despite their evident historical, geographic and cultural proximity. The flutes of the Peul people only accompany - in like fashion - the interpretations of their ethnic group.

In recent years, many young African musicians have begun an important movement with modern versions of the ancestral music of their respective nations, while others ‘fuse’ their songs, rhythms and melodies with those of other countries, including those of Europe, in a combination that also allows for the identification, in these very rhythms and melodies, of echoes - not so distant - of African roots.

The slaves coming from Africa recreated in Latin America and the Caribbean, the ‘linguistic’ sonorities of their continent of origin; they readjusted them and did not allow them to die. The imprint extends beyond the obvious presence of the words of African origin. Quite often, it has become obvious in the rhythmic way of making the ‘intonation curve’ in the spoken chain. That’s why in many Latin American and Caribbean countries, or in specific regions there, it can be said that the “people speak singing”.

On numerous occasions, the Afro-descendants of the Diaspora had to readjust their languages at moments brought about by the successive changes in metropolises, whether by the sale of island or continental territories; or by losses of same during the successive pillaging wars that took place in this zone. The process of readjustment and linguistic re-adaptation was extraordinarily meritorious. It still is.

Cheik Anta Diop (1986:58) masterfully explains this complex transition:

“A distinctive phenomenon, creolisation is linked to very specific historical circumstances. This linguistic process is the action of isolated individuals, deprived of their freedom, uprooted from their place of origin and brutally submerged in another environment, to which they adapted in so far as was possible. Thus, the illiterate Africans deported to the West Indies distorted the European languages and created new languages in which researchers can rediscover as a distant echo, the syntactic and morphological structures of the African languages”.¹³²

That ‘distinctive stamp’ that is also observed in the entire musical domain is displayed today through the excellent pieces created - like inexhaustible springs - by Afro-descendant musicians, which, when heard, allow them to be identified as being of ‘Afro’ ancestry. In this region, rhythms and languages are ‘fused’, among other elements. A great deal of the music of the Caribbean has travelled to Africa and has enjoyed great acceptance in the countries where that message has arrived on a ‘return journey’. They can be highlighted in the Complex of the Rumba: the Guaguancó, the Yambú and the Columbia; others are the Conga, Son, Salsa; Merengue, Bomba, Plena, Cumbia, Vallenato, Chimbanguéle, Kalenda, Calypso, Reggae, Bongo, Rap, Hip Hop, just to name a few.

In Africa, the people integrated numerous skills into their daily tasks; but in many regards, they maintained a high degree of individual ‘specialisation’, which they raised to all time highs. The Afro-Caribbean Diaspora specialised even further this extraordinary ability and transformed it into a sort of ‘pluralisation of versatility’: individuals moved naturally in various directions, which internally and profoundly passed through an earlier fusion.

This ‘fusing’ phenomenon is characteristic of these regions and takes place among Afro-descendant citizens at a particular level of multiplicity. Hence the reason - for example - they can easily and sincerely be faithful to more than one religion.

That process of “acculturation”¹³³ directly affects the ‘incorporation’ of the rhythmic “secrets” of other languages into their cultural baggage - by the instrumentalists - and into the learning of more than one language by them and by practitioners.

In religious ceremonies, for the songs that accompany the rituals in the Orisha ceremonies - which are always sung in the Yoruba language - the musical accompaniment is quite often not the ‘Bata Drums’: Iya, Itotele and Okonkolo, which ‘speak the same language’ - and this is real-; instead, the ‘drummers’ extract the ‘Yoruba language’ from the drums that organologically belong to the Kongos in their numerous representations, whether the famous congas or tumbadoras, yucca drums or box drums; or which can be a set of Djembe, Senegalese drums; or the Fon or Adja (Araras) drums of Benin, which are accompanied by drumsticks. Cuba and Trinidad and Tobago are eloquent examples of all of this.

On occasion, they brought forth their accompanying music simply from the ‘stools’¹³⁴ on which they sat. And vice versa, those beating the Bata drums can accompany the songs in other

¹³² Idem cit. 5.

¹³³ Term created by the Cuban sage Fernando Ortiz Fernandez (1881-1969) to refer to the ‘give and take’ process - receive and give - that is created in the exchange among different cultures that are joined, through the actions of their citizens; from which emerges a ‘new’ result in which it is observed that the features of the original elements that constitute it are - fused. In the Caribbean and in Latin America, this process occurred between the African and European cultures; among them, the Amerindian and Asian cultures and among the different cultures that make up the various countries of the different continents which, on arriving in this region, were merged, creating the multiethnic cultures of the nations that constitute the zone.

¹³⁴ Name given to several pieces of rustic furniture, chairs, built from wood and with the ‘seat’ made out of young goat or ram skin, characteristic of the houses of the Cuban ‘guajiros’ (peasants) (*), which could be carefully and meticulously made. The Afro-descendant farmers ‘played’ them like instruments in their celebrations in honour of the African divinities. They tuned the hide with fire just like a real drum.

languages. That linguistic and musical marvel has been the work of centuries of Afro-descendants in the Americas and the Caribbean; but we can truly say that it is the work of Afro-descendants in any part of the world. It is also evident that the Afro-Caribbean Diaspora has in turn left its mark over the centuries on other regions where it has made a type of second ‘migration’ or ‘Rediasporisation’.

It is not by chance that the Carnival of strong Caribbean tradition is so famous - the most authentic mark of the presence of African spirituality in this region, despite its evident commercialisation in recent times - in different cities in Canada, the United States, the United Kingdom, Germany and other countries in various parts of the world. It is like a type of second relocating of the Afro-Caribbean cultural identity that has such an influence on the nature of many nations.

The complex web of historical-linguistic elements, impassively, shaped the various types of psychological conditionings that are observed among Afro-descendants over the centuries that have passed since the start of the African slave trade up to today.

Internal reactions in the Diaspora, in terms of behaviour, have continued like a destiny of the same pattern created since the departure from the continent to the arrival at the new lands where they would spend their eventful lives: the rebels, anxious to regain their suppressed freedom, many of whom became runaway slaves constantly fighting to obtain their civic rights over the centuries, proud of their past and confident of building a different future.

From this lineage emerged the men and women who made up the armies that released the Caribbean and Latin American nations from the colonial yoke of the European metropolises. On the other hand, there were the submissive ones, incapable of holding their heads high, happy with their ‘destiny’ and, on many occasions, the informants of the slave masters regarding the libertarian desires of their compatriots during the times of the slaveholding system. With the passing of time, those Afro-descendants with this tendency became a sort of ‘renegade’ of their spiritual inheritance and - sadly - real ignoramuses and predators - conscious or not - of their cultural patrimony.

The psychological factor, eternally linked to the religious characteristics, is an influential element in studies on the Diaspora. According to Patrick “Pops” Hylton (2002:1): “Historically, religion has been used to rationalise and consolidate military conquests, preserve empires through mental enslavement of the conquered, and destroy resistance by debasing and vulgarising the culture of the subject peoples. Those among the vanquished who refused to submit to the alien faith were treated as social outcasts and - depending on the level and effectiveness of their resistance - as outlaws. This was the role played by the culture of the European ruling classes in the Caribbean and the New World.”¹³⁵

The brutal repression to which the slaves were subjected before and after Emancipation through edicts and laws that prohibited the complete exercising of their spirituality, deeply traumatised their minds and distorted their behaviour. It can still be observed today, the way in which many Afro-descendants disregard the roots of African religions, they scorn them since they are considered evil, superstitious and obscurantist and they blindly embrace others with which - strangely enough - they acculturate the inherent African roots. Very much linked to this aspect, it is woven into our times, the plan of “preference of marginality” toward the blacks, as justification for the unjust obliviousness to which they are subjected by the majority of the elitist and racist societies that proliferate in Latin America and the Caribbean.

The sense of recovering the necessary psychic equilibrium based on a process of self-recognition and boosting of self esteem among the Afro-descendants who fail to recognise the glory of their roots is yet another element that must be taken into consideration in the macro- conception of the ‘Reparation’ concept.

(*) Name also used for Cuban farmers.

¹³⁵ Hylton, Patrick “Pops”. *The Role of Religion in Caribbean History. From Amerindian Shamanism to Rastafarianism*. Billpops Publications. 2003. Washington. D.C.

Afro-descendant women have been and continue to be one of the most vulnerable components in the entire historical social process of the Afro-Caribbean Diaspora. Their children, boys and girls, are perpetually linked to them and, logically, also face the same difficulties. According to Asha Kambon (2002:248): “African woman and their children comprise a significant proportion of the poor in the Caribbean. Poverty Assessment surveys undertaken in the 1990s identified the African populations as forming the largest segment of the poor”.¹³⁶

The presence of the African woman as the foundation and initial pillar of societies built on the massive extermination of the native peoples is also avoided in many societies of the region. Stories that are hardly disseminated and rarely studied in official educational programmes speak of the important role played by Afro-descendant women since the period of slavery. Many were known for being runaway slaves, for example, Nani in Jamaica and Carlota in Cuba. The latter, just like Jose Dolores, in the province of Matanzas, with their courage and intelligence - both tacit and strategic - dignified the organisational capabilities of the runaway slaves in their battles for freedom. Examples such as these two Afro-descendant women abound throughout the entire Caribbean area, but they remain in oblivion. They must be brought to light. They were present at the pro-independence battles and the post-emancipation stage found them sometimes as enterprising hosts of lucrative businesses, solid pillars and the support of their families or engrossed in jobs that were necessary for the development of the community, such as midwives, key players in the complex exercise of helping mothers bring their children into the world.

Crudely, the African woman was pejoratively referred to in a sort of slogan that was very popular in 19th century Latin American and Spanish-speaking Caribbean that stated: “white women for marriage, mulatto women for the bed and black women for work”. Unfortunately, globalisation has sometimes helped to strengthen in today’s world - obviously for the worse - the profound sexist, male chauvinistic and racist sentiment that comes through in that message.

As regards poverty levels, Afro-descendant women are the poorest and in terms of the limits of exclusion they are the most excluded. They have been touched directly by the strongest effects of discrimination - doubly so - by their sex and the colour of their skin and for many years triply, by being discriminated also from the religious perspective, being branded as practitioners of evil or obscurantist cults.

The basic structures necessary to achieve the emotional stability of individuals and their families, cultural patrimonial assets in Africa and an historical inheritance of the Afro-Caribbean and Latin American Diaspora, were and continue to be forced in this zone. In her enlightening essay, Asha Kambon (2002:251) also delves deeply into this complex matter: “The family structure has been affected by the social dynamics of globalisation to the disadvantage of female headed households as the migrant in Latin America and the Caribbean is increasingly female. The preferred family structure among Africans in the Caribbean has been common law or visiting unions, which lead eventually to legal marriages. Multi-generational families are the norm with grandparents, or elderly uncles or aunts, forming part of a household. Invariably, such a family includes children of unmarried daughter or son of the head of the household. Large extended families sometimes comprised of persons with distant relations, all “eating out the same pot,” and “living in the same yard” as fast becoming a thing of the past. Much of these changes can be attributed to migrations patterns”.¹³⁷ (*)

Following the presentation of various historical, linguistic and psychological factors, with a glimpse into religious attributes linked through all types of relationships, there has been a series of

¹³⁶ Kambon, Asha. *The Impact of Globalisation on Poor Women in Small Island Developing States of the Caribbean in Black Women Globalisation and Economic Justice. Studies from the Africa and the African Diaspora*. Schenkman Books, Inc.2002. Rochester. Vermont.

¹³⁷ *Idem op. cit.* 31.

(*) This essay is a crucial source in order to understand how globalisation and other types of factors affect Caribbean and Latin American in general and, particularly, Afro-descendant women.

behavioural traits - throughout the centuries - of that important element to be considered among those that constitute the Caribbean region: the Afro-Caribbean Diaspora.

The journey through the main elements selected for this analysis invite true reflection on a topic that is indeed unpleasant, but which requires profound study. The natural fragility of the small and more vulnerable States, mostly Islands, where the Afro-Caribbean and Afro-Latin American Diaspora strives to advance socially, economically and culturally - in the midst of complex political situations - imposes the search for sustainability and in this endeavour - today more than ever before - Afro-descendants can and must be taken into consideration in order for those major challenges to be achieved.

In its 2006 annual report, the European Union indicates that “the economic, political, cultural and environmental aspects of sustainable development have been incorporated into the Cotonou Agreement (...) which establishes the framework for the link with the African, Caribbean and Pacific (ACP) countries as a reflection of the international commitments assumed by the EU and its ACP partners (...) In order to allow for the fulfilment of the objectives of the partnership with the ACP, it has been agreed that a new *European fund for development* would be established, which will provide ACP countries with 22,682 million euros during the period 2007-2013”.¹³⁸ It is necessary for the Afro-Caribbean Diaspora to participate in these benefits.

One mine to be explored is the development of all the possibilities that were created and continue to be created in these lands by the tremendous cultural impact of the African presence. In general, the cultural element - in its vast expanse - is not taking into consideration when assessing the actual possibilities of development in the Caribbean zone. And it must be considered. It is one of the areas in which greater use can be made of the active contribution of Afro-descendants.

C. Conclusions

“The pride and self-confidence of Africans globally can be bolstered or further undermined.” (Khafra Kambon).¹³⁹

Following the presentation of various historical, linguistic and psychological factors, with a glimpse into religious attributes linked through all types of relationships, there has been a series of behavioural traits - throughout the centuries - of that important element to be considered among those that constitute the Caribbean region: the Afro-Caribbean Diaspora.

In close relation to said region and quite often forming part of it, is Latin America, sharing - logically - many of the same sudden changes that are observed both within and outside the element analysed.

Said attributes were being shaped as an artistic piece on whose initial component: the Africans arrived at these lands and their descendants, were depositing active and changing layers - harmonious or not - moving with the rhythm of the economic, political and historical-social changes, marked by the strong presence of a uniting and unifying cultural imprint which, with the passing of time, was established as an unmistakable identifying mark of the entire region, beyond ethnic origin, skin colour or belonging to a specific social class.

As regards this topic, the surface has only been skimmed. It requires more in-depth examination and specific analyses with respect to the convulsed situation in which humanity is currently living and the necessary inclusion of the Afro-descendants of the Diaspora in all the benefits

¹³⁸ European Commission. 2006 Annual Report *on the European Community's development policy and the implementation of external assistance in 2005*. Summary. Publications office. Publicaciones.europa.eu. With CD attached. 2006.

¹³⁹ Kambon, Khafra. The ESC (*) perspective of the Bicentennial. Sunday Express Section 4. 25th March 2007. Port of Spain. Trinidad and Tobago. W.I.

(*) Emancipation Support Committee.

to be derived from scientific and technological advancements, to which they also contribute and which should result in their favour, in full correspondence.

Centuries ago, the Africans were brought to this part of the world due to their physical strength and their skill in various jobs in order to cement with their blood, sweat, pain and suffering, the brand new economies that thrived in Europe and in the new nations of America and the Caribbean. Today, paradoxically, they represent the highest rates of hunger, malnutrition, poverty and disease, which like AIDS, are a pandemic. Their descendants in this region continue to appear as the majority in appeals made for better living conditions. It is virtually the only space that marks their regular presence in the major mass media.

According to Khafra Kambon (2007:2) “Given the continuing legacy of the slave trade and chattel slavery, we have to accept the responsibility to change the unjust conditions that persist. A critical aspect of the change needed is at the psychological level and historical knowledge is a very important instrument of psychological liberation”.¹⁴⁰ Undeniably, it is the part that must be done inside and outside the Afro-Caribbean Diaspora as part of the “Endless cycle” during times of globalisation.

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¹⁴⁰ Idem ant.

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Translations

Quotation 5. Page 5:

“The cultural identity of a people is linked to three key factors: history, linguistics and psychology, the last of these, in it broadest sense, can encompass religious characteristics - where importance varies according to the historical and social circumstances of each society. Without the absolute presence of these three factors, whether in a people or an individual, complete cultural identity will not be possible”. Cheik Anta Diop. The three building blocks of culture.

Quotation 27. Page 27:

“A distinctive phenomenon, creolisation is linked to very specific historical circumstances. This linguistic process is the action of isolated individuals, deprived of their freedom, uprooted from their place of origin and brutally submerged in another environment, to which they adapted in so far as was possible. Thus, the illiterate Africans deported to the West Indies distorted the European languages and created new languages in which researchers can rediscover as a distant echo, the syntactic and morphological structures of the African languages.” Cheik Anta Diop.

The political economy of HIV/AIDS in the Caribbean

Daphne Phillips

Abstract

The Aim of the paper is to challenge the popularly held view that the high infection rates associated with the spread of the HIV/AIDS virus in the Caribbean are essentially due to immorality in the sexual behaviour practices of people in the Caribbean.

The method used is the review of a range of research findings in the region in the context of an analysis of the wider economic, social and institutional factors related to the way in which the Caribbean is integrated into the rest of the world. The decisions made by Caribbean governments in organizing their economies are also seen as impinging on the range of choices available to men, women and young people in organizing their lives.

The results and conclusions of this analysis imply that there is a need to shift social policy to reflect a more accurate understanding of the nature of the HIV epidemic in the region.

Introduction

The HIV/AIDS situation in the Caribbean today

The HIV/AIDS epidemic in the Caribbean region is second in magnitude in the world, only to that in Sub-Saharan Africa. The primary mode of spread in the region is sexual transmission, and the epidemic has evolved from being a predominantly homosexual one to a mosaic of homo/bi-sexual and heterosexual features (1a). The Caribbean has the highest incidence of reported AIDS cases in the Americas, with between 210,000 and 270,000 Caribbean people were living with HIV in 2007 and an estimated 17,000 new infections occurred, of which approximately 50% were among women and 40% among young people in the age group 15-24 (1b).

Haiti and the Dominican Republic are the homelands of more than 79% of the people living with HIV/AIDS in the Caribbean region. There is a national prevalence of at least 1% in 12 countries of the Caribbean basin, and a prevalence of 2% among pregnant women in the Bahamas, Belize, the Dominican Republic, Guyana, Haiti, St Lucia, Suriname and Trinidad and Tobago (1a).

My position here is that these high rates of infection in the region are not due primarily to the ‘immorality’ in behaviour choices of people as is commonly understood within the strongly conservative religious culture of the region but are, instead, a consequence of the nature of the political economy in which we are all involved. It is significant to observe that whereas the Caribbean region is one of the most religious in the world (there are over 104 faith based institutions in Trinidad alone) we are second only to Sub-Sahara Africa in having the highest incidence of HIV in the world. We note that high levels of religious awareness and practice co-exist with a high prevalence of HIV, and therefore assert that the critical relationship lies outside of these two variables.

The political economy of HIV/AIDS in the Caribbean is, I argue, located in the ways in which we have positioned ourselves, or have been inserted, into the world economy over time. It refers to our material existence, the impact of political and economic decision making on our present and future prospects, and the methods by which economic survival is achieved by varying groups of people. My position here is that the spread and the ravages of HIV/AIDS are outcomes of these decisions and processes. The spread of HIV/AIDS is caused by the fundamental decisions large groups of people **have to make and the consequential actions which are necessary** for survival.

Introduction to the political economy of Caribbean countries

Frantz Fanon (2), writing on the role of the National Bourgeoisie and the relationship between sex and capitalism in ‘developing’ countries had this to say with reference to Latin America:

“The national bourgeoisie will be greatly helped on its way towards decadence by the Western bourgeoisie who comes to it as tourists, avid for the exotic, for big game hunting and for casinos. The national bourgeoisie organizes places of rest and relaxation and pleasure resorts to meet the wishes of the Western bourgeoisie. **Such activity is given the name of tourism, and for the occasion will be built up as a national industry**” (Emphasis added).

He continues:

“The casinos of Havana and Mexico, the beaches of Rio, the little Brazilian and Mexican girls, the half-breed thirteen year olds, the ports of Acapulco and Copacabana – all these are the stigma of the deprivation of the national middle class. Because it is bereft of ideas, because it lives to itself and cuts itself off from the people, undermined by its hereditary incapacity to think in terms of the problems of the nation, the national middle class will have nothing better to do than to take on the role of Manager for Western enterprise, **and it will, in practice, set up its country as the brothel of Europe**” (2).

Fanon was referring to the subordinate ways in which the economies of the recently emerging politically independent, post-colonial countries of the so-called “Third World” were being re-integrated into the world economy (in the 1960s) with the full compliance of the national political and economic leaders of the new ‘independent’ states. Indeed, in the Caribbean region, to a large extent, sex-tourism has emerged as one of the major means of obtaining foreign exchange, and one of the main supports of the national economies.

While HIV/AIDS was first identified in 1975 in San Francisco, California among the middle class, professional, white male, homosexual population, it has spread over the last 30 odd years to poor countries with different cultural and sexual practices, with now very high prevalence rates among the populations. Indeed, AIDS related deaths in the Caribbean ranged between averaged 11,000 in 2007 and AIDS remains one of the leading causes of death among the 25-44 age groups (1b).

While the white male, middle class, homosexual population in the USA has largely controlled the spread of HIV among itself and /or now LIVE with the HIV virus, because of its availability to research and medical support, poor people of the ‘developing’ world are literally dying from AIDS. Let us look at the larger picture.

Globalization and structural adjustment policies have intensified the role of sex-tourism in the Caribbean

In his work on the Global Shift, Peter Dicken looks, in part, at making a living in the global economy, and asks ‘where will the jobs come from’. He finds that “we face a desperate employment crisis at the global scale; at the end of 1983 there were approximately 35 million unemployed in the OECD countries, a figure unheard of since the 1930s” (3).

This situation occurred in the advanced industrial capitalist countries, where he found that the persons **least exposed** to unemployment were **men** between 25-54 years of age with a good education or good training. This leaves a large number of people who are vulnerable to unemployment: **women, males with lower education levels, youth, older workers and minorities** (emphases added). Many of the same forces operating in these industrial countries are more profoundly evident in ‘developing’ countries today (4).

Part of the cause of the universal unemployment is ‘global restructuring’; an aspect of which is the growth of new technologies. It is generally agreed that the effect of the process of innovations through technological improvement is to increase labour productivity, which permits the same, or an increased, volume of output from the same or even smaller numbers of workers. In this context, it is the manual workers, rather than the professional, technical and supervisory workers, whose numbers have been reduced most of all.

Globalization has therefore produced growing unemployment among the manual and unskilled workers in the headquarters of capitalism. The situation is certainly much more intense in poor countries.

Structural adjustment as part of the globalization strategy

From a neo-liberal perspective, structural adjustment assumes that an economy will be more efficient, healthy and productive in the long run if market forces operate, and products and services are not subsidized, or heavily protected by governments. Modern attempts to improve aggregate indicators such as GNP in ‘developing’ countries are understood as Structural Adjustment Policies (SAPs). This represents a complex of policies introduced after the decline in the economies of industrial countries, particularly the USA, following the effects of the strategies of OPEC on the distribution of world resources (5, 6, 7).

These policies, created in the early 1980s, were articulated through the International Monetary Fund (IMF) and the World Bank, and came into effect for ‘developing’ countries when they attempted to obtain international loans. These countries were literally forced to abide by the criteria of Structural Adjustment Policies, which resulted in concessions to foreign investors, economic and trade liberalization, production for export, currency devaluation, curbs on consumption through increases in the prices of goods and services, reductions in government employment and government spending, personal income depreciation and increases in consumption tax spending (8, 9, 10).

In summary, these SAPs contributed to drastic increases in unemployment, lowering of standards of living and higher costs of consumption for ordinary people. They represent an intensification or exacerbation of pre-existing conditions under colonialism and neo-colonialism, and they strengthened and sustained the reinforcement of the determinants of HIV spread through sex tourism and commercial sex work.

Some analyses indicate that structural adjustment is a deliberate scheme for the perpetuation of export dependency, unfavourable interest rates, fluctuating terms of trade, and the reproduction of the existing conditions of global inequalities (11).

Many Caribbean authors (7,8,12, 13) point to the relationship between the **Structural Adjustment Programmes** enforced by the World Bank and the IMF which **have exacerbated poverty and unemployment among working people in poor countries**, and which have stimulated a search for new survival strategies at both the community and national levels. Other analysts have noted that structural adjustment has deepened and widened poverty (14) and has contributed to the increased feminization of poverty (15).

Poor women in the Caribbean have developed a number of strategies to cope with the economic situation, some of which are increased entry into the labour force, expansion of the range of informal sector activity, diversification of survival strategies of households, and international migration. Men have engaged in new forms of hustling including that within the drug trade, and informal sector work, including the development of ‘romance tourism’ (16).

At the national level of governments and economic actors, off-shore banking, money laundering, drug trafficking, **sex tourism**, informal commercial trading, information processing and export manufacturing are some of the activities in which national governments are engaged to attract foreign exchange, sustain their economies and service their debt. **Sex tourism** is but one aspect of a package of strategies, which has enlarged and deepened to cope with the existing harsh economic realities in peripheral capitalist countries.

Sex tourism in the Caribbean

While Fanon had not specifically mentioned Caribbean countries among his list of countries which engage in sex tourism as an industry, a study by Kamala Kempadoo, on the Sex Trade in the Caribbean (1999), clearly outlines the extent to which we are engaged in this form of income earning activity.

In defining sex work, Kempadoo claims that “in the majority of cases, men and women define sex work as more lucrative than other jobs, and in such cases less demanding and less hazardous to their well-being. Sex work or prostitution is represented in sex worker discourse as an alternate to income generating activities such as domestic work, street or beach vending, fishing, work in manufacturing factories in the Free Trade Zone, security guard work, waitressing, bar-tending and go-go dancing. Sex work also benefits the local hotel and entertainment business, the cargo and cruise ship industry, as well as providing an economic basis for many a household” (16).

She continues, “In studies of **Guyana** and **Suriname**, prostitution appears to be well integrated into the gold mining industry both as direct profit to the bosses of the operations, and..., in the specific case of the **sex on credit system**, a sizeable profit is also made by the mine boss directly from the woman’s domestic and sexual labour” (16).

In the ‘sex-on-credit system’, “the women were hired for a period of three months and were contracted to cook, perform household tasks and provide sexual services to the local gold miners, who worked for the same foreman or ‘boss’. ... By the end of the three months, each woman was paid a fixed salary of 100 grams of gold. For the sexual services of a woman, the boss automatically deducted 10 percent of the gold miner’s total earnings, at the end of his contract... the boss ensured himself a profitable investment. When ever the gold business hits a slow week, the men would continue to have sex on credit, because they only had to pay for the sexual services at the end of their contract” (17).

Sex as an integral aspect of economic exchange

But sex as a form of economic activity is not confined to prostitution. Sex is also involved in a range of negotiations as exchange for various economic and other valuable assets. Transactional sex, as it is called, is common among young people, even those in the school system (18, 19). Sex for money is

also reported as a source of extra and needed income for persons in occupations related to the hotel and entertainment industries (CAREC Tourism project) (21), the construction industry (National AIDS Committees) (21), the mining industry (Red Thread of Guyana) (21), or other ‘**opportunity sex**’, and some of these sources of income involve migration.

Transactional sex’ in the school systems of the Caribbean

Research in Caribbean schools (18) indicate, and recent studies in Montserrat (20) confirm, that there is a very serious and intense activity involving school girls and working men for the exchange of sex for a range of ‘items’ including clothing, money, phone cards, school books, food, car rides or jewelry. Girls actually ask schoolboys who approach them for sex, what they have to offer, and if the boys’ offerings are unacceptable, they are refused.

The socio-economic backgrounds of these girls and boys are, in very many cases, in the low skilled, manual occupation households, and the vast majority is located in poor female-headed households. In some of these homes, there is indication that mothers are barely able to provide basic subsistence for their families and expect the children to bring in income from any source to help in family support. It is also reported that transactional sex is a way in which some middle class women are supplementing their income.

The dynamic of this scenario among very young people in school has given rise to serious gender feuds between girls and boys, and to boys turning to even younger girls (in the Forms 1s and 2s and even in the primary schools), offering them small sums of money (25 cents for example) and sweets (candy) in return for sexual touching and sexual stimulation. There is some evidence of the use of force in these sexual relations among very young people, as well as, and in addition to, the use of force for sex perpetrated by adults on young persons, particularly girls.

Although these young people in Secondary Schools showed a relatively good knowledge of HIV spread, transmission and prevention, there was very low condom use, reportedly because of cost, embarrassment (in places where condoms can be obtained free of charge), and distaste for condoms because they dulled the pleasure of sex. There was also some indication among the girls that their offerings for condom-less sex (from working men) was of higher monetary value than that for sex with condoms (20).

The role of sex tourism, migration, prostitution and transactional sex in the lives of people and the economies of the Caribbean indicates that whether it is the sex trade in the **Netherlands Antilles**, characterized as permissive but seen on the one hand as a necessary evil and on the other as a way of making a living, or the largely foreign trade in **St Maarten**, the women saw this as their best chance of taking care of their families (17).

The men, on the other hand, who engaged in sex work on the beaches of **Barbados** or **Tobago**, viewed it as a means of getting ahead in life, and possibly an opportunity to be taken out of the island into a better standard of living abroad by female tourists (17).

In **Antigua**, the ‘houses of entertainment’ are serviced by government, whose health officers ensure that the women and men, largely foreigners, are routinely medically tested, treated and provided with condoms.

Whether in the elite forms of sex work in **Belize**, or in the ‘survival sex’ of the streets, women tended to share common characteristics. These include becoming involved in sex work in their teens, having little knowledge of their legal rights, a tendency towards economic marginalization, exposure to physical violence, the risk of increased exposure to the HIV virus through sex partners insisting on unsafe sex practices, and heightened social marginalization due to their mode of living (17).

Sex, economic exchange and HIV in the context of persistent/worsening unemployment and poverty as products of SAPs

It is evident that sex as a form of economic exchange is increasingly being viewed as a means of economic survival by persons who perceive no other hope in the existing state of affairs. Providing sex for money is not a new phenomenon, but the commodification of sex is both encouraged (by the media) and seen as a real option by increasing numbers of people and institutions.

In this context, sex as a commodity is part of a wider mosaic of commodities created, marketed and used by people, companies and governments, as a means of earning income. Sex work is engaged in as a career, or as part-time work by school girls and boys, employed women, as well as married women and men (21).

These factors in the Caribbean, coupled with the traditional practice of serial sex partners (of poor dependent women) and the obvious converse - multiple sexual partners of men, promote the spread of HIV. In addition, low condom usage and the reluctance to promote condom use, cultural and religious taboos contrasting with social norms that promote sex (such as the carnivals), and the overt discrimination against persons living with HIV/AIDS, are some of the cultural and social influences that drive the epidemic.

These, as well as the lack of access to relevant health care for large sections of our populations, the absence of standards of care, treatment and support for persons with the HIV, encourage spread of the disease. The early judgmental attitudes, denial and fear exhibited by persons in authority – religious leaders, health care workers, employers, etc. – all contribute to the rapid increase in the spread of HIV that is evident among Caribbean peoples. It must be noted, however, that religious leaders are now better informed and some are now providing care and support to persons living with HIV/AIDS (PLWHA) and are recognizing the importance of talking about sex and sexuality with young people.

But the bottom line is that, for an increasingly large number of people, in the context of the effects of globalization and structural adjustment, sex is the only commodity they have to exchange for economic survival in a fully globalized world. Sex is their only hope but, in most of the peripheral capitalist world, for many, this hope literally converts to death!

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Caribbean small States, vulnerability and development

Asha Kambon

Abstract

The paper presents a review of the current discourse around notions of size and vulnerability and addresses the significance of such to notions of the development of small States. It draws on work undertaken by ECLAC in the socio-economic assessment of natural disasters in four SIDS: Grenada, Haiti, the Cayman Islands and Jamaica, and to illustrate the extent of vulnerability of Caribbean SIDS and the implications of that vulnerability on social policy, governance and development, taking into account Sir Arthur Lewis' discourse on development.

The paper was presented at the 6th Annual SALISES Conference on Governance, Institutions and Economic Growth: Reflections on Professor W. Arthur Lewis' Theory of Economic Growth.

Introduction

This paper seeks to examine the impact of natural events on the development potential of four Caribbean small States taking into account the notion of development as discussed by Professor W. Arthur Lewis. In doing so, it will explore the vulnerability of these States to the recent natural events, and how that vulnerability impacts on the countries' capacity to address social dimensions of their development goals.

The Economic Commission for Latin America and the Caribbean (ECLAC) formed the primary research team in the selected countries that undertook the macro socio-economic assessment of the impact of Hurricane Ivan on the Cayman Islands, Grenada and Jamaica and Tropical Storm Jeanne on Haiti during September to December 2004.¹⁴¹ The ECLAC Methodology was used for the

¹⁴¹ See the ECLAC Disaster Assessment Training Manual for (SIDS) produced by the ECLAC Subregional Headquarters for the Caribbean; LC/CAR/G.660.

assessments. Analysis of the similarities and differences of the country experiences can enrich the discussions and provide greater understanding of issues related to the development of small States and their vulnerability.

An examination of the impact of natural disasters on the four countries for the period 1980 to 2004, presented in Table 1, indicates that over 8,000 persons lost their lives; nearly six million persons were affected; and US\$5.6 billion dollars in damages were sustained. The cost of damage during that period represents twice the total GDP in 2002, of the four countries combined. It should also be noted that US\$5.2 billion, or 92 per cent of the cost of the damage during that period, could be attributed primarily to the effects of the disasters which occurred in September 2004.

TABLE 1
IMPACT OF NATURAL DISASTERS ON FOUR SELECTED COUNTRIES 1980-2004

Country	Dead	Affected	Impact inUS\$
Cayman Islands	2	35,389	3,432,000,000.00
Grenada	39	142,000	899,000,000.00
Jamaica	582	1,844,138	192,286,000.00
Haiti	7410	3,761,508	1,112,114,300.00
TOTALS	8033	5,783,035	5,635,400,300.00

Source: Drawn from the OFDA/CRED International Disaster Database (sourced on Jan 27, 2005 from www.em-dat.net – *Universite Catholique de Louvain* – Brussels- Belgium; and ECLAC data for Hurricane Ivan.

This paper seeks to place the issue of natural disasters within the discourse of the development of Caribbean small States, based on arguments which suggest that small States can suffer severe setbacks due to the impact of natural disasters with unprecedented consequences for lives, livelihoods and hard-won development gains (Briguglio, 1993; United Nations, 1994; Pelling, 2002; United Nations, 2004). Small States, due to their limited capacities to repair and restore damage caused by natural disasters, can suffer harmful consequences, not only on the immediate quality of life of their affected populations, but also on their long-term development prospects. ECLAC experts, who have been involved in the macro socio-economic assessment of damages to the Caribbean region, have suggested that it could take some countries that were impacted by Hurricane Ivan, from a minimum of 5 to a maximum of 15 years to recover.¹⁴²

Size and development

The literature, which treats with size and development, is not always in agreement on what constitutes a small State. Generally a number of criteria have been used which speak to the geographic, demographic, economic and political dimensions of the State. Sometimes combinations of some or all of these criteria are used in the categorization process. This leads to various notions regarding what is the best criterion to be used in the inclusion or exclusion of States from that category.

When small States have been defined based on geographic considerations, although land size is one of the primary considerations, other characteristics have been considered such as their insular character or their location on continents resulting in categories ‘small island States’ and ‘land-locked States’, respectively.

¹⁴² Pelling (2002), citing Day (2000) suggests that Hurricane Mitch, which occurred in 1998, had set back development in Nicaragua by some 20 years.

When population size has been used, various groupings present themselves. These have not been hard and fast groupings as groupings of States with less than a population of one million, or less than 1.5 million, have often included Jamaica despite its population of over 2 million. Briguglio (1997) in developing an alternative economic vulnerability index suggests five categories for States: very small – up to 1.5 million; small- over 1.5 million and under 10 million; medium – over 10 million and under 50 million; large – over 50 million and under 100 million and very large – over 100 million.

When the size of the economy is the defining category, Haiti, with a GDP per capita of US\$1,610 (see Table 1), the lowest in the Caribbean region, has found itself included, and some otherwise geographically and demographically defined small island States have been excluded, because of their high per capita GDP.

In the Alliance of Small Island States (AOSIS)¹⁴³, Cuba with a population of some 11 million is included, Haiti which occupies part of an island, and Belize, Guyana and Suriname, all continental States are also included because of their low lying coastal zones. Non-independent territories, such as Puerto Rico and the Cayman Islands, have also been included.¹⁴⁴

The researcher can only conclude that the use of the nomenclature of ‘small States’ or ‘small island developing States’ is subjective. Groupings are often based on the nature of the enquiry, the political sensitivity of those engaged in the grouping or the enquiry, and the region of the world in which the enquiry is being conducted. These issues however, have not diminished the legitimacy of the discourse around small States, or Small Island Developing States (SIDS) in the author’s opinion, but makes apparent the ‘*real politick*’ of the twenty-first century and highlights the challenges inherent in the movement towards global integration and liberalization for States of differing capacities. It also keeps to the fore the real threats of climate change for small States and low-lying regions globally and in the Caribbean.

Suffice it to say, there is no difficulty with the identification of the four States selected, as ‘small States’, in light of their inclusion in numerous categories that have been constructed. In addition, as the discussion proceeds, the similarities of these States, in the wake of a natural disaster, will demonstrate how essentially they are linked to the conditions of SIDS.

Table 2 presents a selected number of indicators, some of which could be used as defining characteristics of small States, such as population size, land size and GDP per capita. The data also demonstrates the diversity of small islands, such that the Cayman Islands and Grenada have land sizes of 259, and 312 sq km, respectively, and population sizes of 42,000 and 102,000, respectively; while Jamaica and Haiti, on the other hand, have land sizes of 10.9 and 27.7 thousand sq km, respectively, and population sizes of 2.6 and 7.9 million, respectively. The per capita income of the islands also varies from US\$35,000 to US\$1,600. The proportion of population defined as poor is also widely dispersed from 65 per cent to 19.7 per cent. The political status of the four countries is quite different as well. Jamaica and Grenada are independent and have parliamentary democracies; the Cayman Islands is an Overseas Territory of the United Kingdom; and Haiti, the oldest independent republic in the western hemisphere, is currently under the control of United Nations peace keepers, with an appointed interim government.

¹⁴³ The AOSIS is a coalition of small island and low-lying coastal countries, comprised of a membership of some 43 States and observers, which share similar development challenges and concerns about the environment, particularly their vulnerability to the harmful effects of global climate change.

¹⁴⁴ The Commonwealth Study on Small States includes Cayman Islands and Puerto Rico and AOSIS includes non independent territories such as Puerto Rico, British Virgin Islands and the United States Virgin Islands. See Annex 1 for a listing of Caribbean States in AOSIS.

TABLE 2
SELECTED SOCIAL AND ECONOMIC INDICATORS FOR FOUR CARIBBEAN SIDS

Country	Size (KM ²)	Population	Population density (POP/KM ²)	Coast line (KM)	Population poor (%)	Gini Co- efficient	GDP per capita (PPP \$US) 2002
Cayman Islands	259	42,397	164	...	...	...	35,200
Grenada	312	102,632	329	121	32.0	0.45	7,280
Jamaica	10,991	2,620,000	238	1022	19.7	0.38	3,980
Haiti	27,750	7,929,048	286	...	67.0	0.65	1,610

Source: Population: Population and Households Census 2001 (for all countries except the Cayman Islands, where data from the Labour Force Survey 2004 was used.); Population poor: Cayman unavailable; Grenada Poverty Assessment Report 1999; Jamaica - SLC 2002; Haiti - SLC 2001; Gini Coefficient: Cayman - unavailable; Grenada Poverty Assessment; Jamaica SCL 1999; Haiti SLC 2001; Per Capita Income: HDR 2004; Cayman - CIA fact sheet 2002

It should be noted that although the four selected countries are not as densely populated as Barbados,¹⁴⁵ they have a common factor in that many of their populations are concentrated in low lying coastal locations, thus their populated coastlines make them susceptible to sea surges, and sea-level rise (Nicholls 1998).

Sir Arthur Lewis (1955) in his seminal work, *Theory of Economic Growth*, posits that “the advantage of economic growth is not that wealth increases happiness, but that it increases the range of human choice”¹⁴⁶. He continues that, “the case for economic growth is that it gives man greater control over his environment, and thereby increases his freedom”.¹⁴⁷ Lewis reminds us, however, that although “growth is the result of human effort. Nature is not particularly kind to man; she can overwhelm man with disasters which man wards off taking thought and action”.¹⁴⁸

As we examine the vulnerability of the four selected islands in the Caribbean we will seek to ascertain how they have used ‘thought and action’ to reduce vulnerability, specifically in the social sector and, in turn, how their vulnerability impacts on their ability to support development.

Notions of vulnerability and small States

Vulnerability is neither a new concept nor one that has transferred easily from its physical and natural science context to that of the social sciences. In the social sciences it is still somewhat of a spectre, with many researchers and policy makers unconvinced or unable to operationalize the concept into tools that are useful for moving individuals, households, communities or nations, along the continuum of development or measuring or predicting their advancement.

Vulnerability is a multi-dimensional concept which encompasses biological, geophysical, economic, institutional and socio-cultural factors (Nicholls, 1998). It is not exclusive to social systems but can be applied to any human or natural system that interacts with its environment (Gallopín, 2003). The notion of vulnerability is associated with the idea of exposure to damage, lack

¹⁴⁵ Barbados is the most densely populated country in the western hemisphere with 646 persons per sq km.

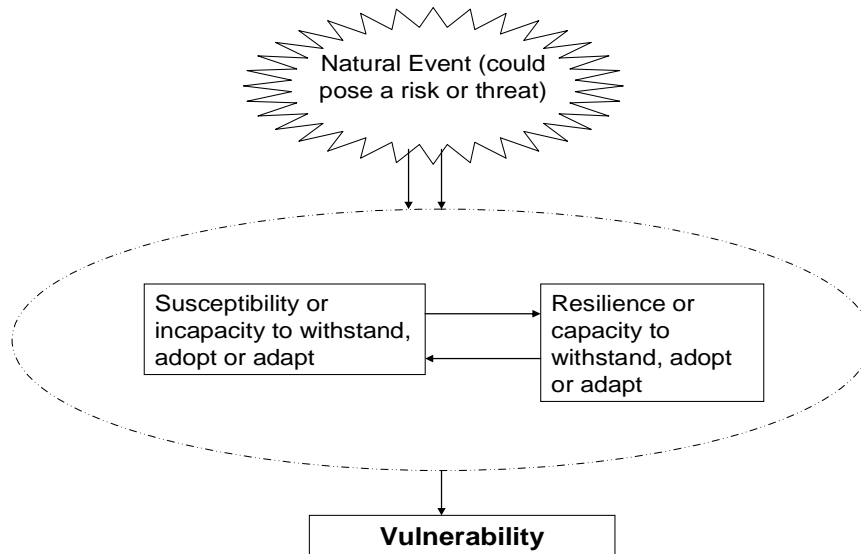
¹⁴⁶ Lewis, Arthur (1955) *Theory of Economic Growth*. London: George Allen & Unwin Lt. p. 420.

¹⁴⁷ *ibid* p. 421.

¹⁴⁸ *ibid*. p 23.

of protection and precariousness (Briguglio, 1998b)¹⁴⁹; and the risk of being harmed or wounded by unforeseen events (Guillaumont, 1999). Inherent in the notion of vulnerability is a concept of resilience¹⁵⁰ or sustainability, which takes cognizance of not only the impact of the hazard or risk, but the capacity of the system to adapt to or withstand the impact (Brown, 2002). Within the notion of vulnerability, are two additional facets: one which speaks to the probability that a risk or threat will occur and the other which refers to the magnitude of the threat.

FIGURE 1
A CONCEPTUAL FRAMEWORK FOR VULNERABILITY



Source: Adapted from Kambon (2002)

Figure I illustrates a system being exposed to a hazard or threat. The system has two dimensions, one of susceptibility and the other of resilience. It is the dynamic between the two dimensions of the system, its susceptibility and its resilience, and the facets of the threat, its probability of occurrence (or risk) and its magnitude, which results in an expression of the vulnerability of the system. Vulnerability then speaks to the potential of a system to respond adversely or favorably to an occurrence or an event. The World Conference on Disaster Reduction which convened in Kobe, Japan, 18-22 January 2005 defined vulnerability as “the conditions determined by physical, social, economic and environmental factors or processes, which increase the susceptibility of a community to the impact of hazards” (United Nations, 2004).¹⁵¹

Most of the work in the area of vulnerability, in the social sciences, has been undertaken in the component of economic vulnerability. It has arisen out of the understanding by economists that small economies may be susceptible to unforeseen events, changes in the external environment or

¹⁴⁹ Briguglio (1993) reminds us that the meaning of the word “vulnerability” comes from its Latin root, the verb *vulnerare*, meaning to wound. Thus the word vulnerable is associated with exposure to damage and susceptibility to outside forces.

¹⁵⁰ The World Conference on Disaster Reduction, draft programme outcome document, defined resilience as “the capacity of a system, community or society potentially exposed to hazards to adapt, by resisting or changing in order to reach and maintain an acceptable level of functioning and structure. This is determined by the degree to which the social system is capable of organizing itself to increase this capacity for learning from past disasters for better future protection and to improve risk reduction, measures”. Pg. 6.

¹⁵¹ United Nations (2004) p. 3.

sudden shocks, which occur outside of their ambit of control and are often not of their making (Pelling 2001; Schiff, 2002; Guillomont 1999).

At the Global Conference on Small Island Developing States which convened in Bridgetown, Barbados, from 26 April to 6 May 1994, SIDS were being characterized as possessing limited size, having vulnerable economies and being dependent both upon narrow resource bases and on international trade. Small States were also identified as being entirely or predominantly coastal entities. The Small Island Developing States Programme of Action (SIDS POA) (United Nations 1994), also suggested that SIDS had their own peculiar vulnerabilities and characteristics, making their search for sustainable development quite severe and complex.

The SIDS POA argued that there were many disadvantages that derived from small size. These disadvantages included a narrow range of resources, forcing undue specialization; excessive dependence on international trade resulting in vulnerability to global developments; high levels of population density, despite having small populations in absolute terms, thus increasing pressures on limited resources; costly public administration and infrastructure, including transportation and communication; limited institutional capacities; and domestic markets, which were too small to provide significant economies of scale.¹⁵²

Governments in attendance at the SIDS meeting in 1994, in paragraphs 113 and 114, called for “the development of vulnerability indices and other indicators that reflect the status of small island developing countries and integrate ecological fragility and economic vulnerability”.¹⁵³ At the AOSIS interregional preparatory meeting for the World Summit on Sustainable Development, held in Singapore from 7-11 January 2002, representatives called for “the early operationalization of the economic and environmental vulnerability indices for the promotion of the sustainability of SIDS and other vulnerable States, ...as well as international support for the development of a social vulnerability index to complement this work.”¹⁵⁴

It is acknowledged that the use of conventional measures of development, such as GDP/GNP is insufficient when seeking to measure the development of small States (Crowards, 2000). There is growing agreement that a vulnerability index would be useful to reinforce the GNP based threshold in seeking to establish access to official finance by small States and would prove useful in the application of trading rules to small States.¹⁵⁵ Such an index would provide an additional measure of the complexity of development process for small States and would demonstrate their difference as a group in the global market place, hopefully affording them additional space for maneuverability and sustainable development.

This discussion on the vulnerability of small States should not lead the reader to conclude that all is doom and gloom for small States. Small States can avail themselves through the globalizing processes of the new opportunities which technological changes in telecommunications and information technology can provide. Through the use of such technologies, small States can take technological leaps which may reduce cost and increase access and allow efficiency gains in production processes and marketing which were either not possible or very costly, before the new technologies.

Bernal (2001) in speaking to the opportunities which exist for small States, suggests that the trade in services, including tourism and financial services, are among the most rapidly growing

¹⁵² Not all economists are of this view. Authors such as Easterly and Kraay (2000) have argued exactly the opposite, that there are indeed no disadvantages to being small and suggest that, to the contrary, small States have higher income and productivity levels than large States and grow no more slowly than large States. They suggest that any disadvantage caused by the volatility of growth of small States is outweighed by the growth benefits of trade openness.

¹⁵³ United Nations (1994) SIDS POA pg. 46

¹⁵⁴ Cited in the foreword to ECLAC (2003) “Towards a Social Vulnerability Index in the Caribbean”.

¹⁵⁵ The Joint Task Force of the Commonwealth Secretariat/World Bank, following two high level Conferences, one in February 1999, in Saint Lucia and the other in London in February 2000, concluded that it has been convincingly established that when looking at small States it is essential to look beyond the conventional indices of development.

sectors of the world economy and have become important growth sectors in many small States. There is also general agreement that the key to development in these small States is the human resource factor. Professor Arthur Lewis advanced that “knowledge and its application was the second proximate cause of growth”¹⁵⁶, thus signifying the importance of this factor.

Following is a brief discussion of the ongoing efforts to produce a measure of vulnerability in its economic, environmental and social dimensions. The end result is expected to be a composite index which best captures the most salient features of the vulnerability of small States.

The economic vulnerability index

It is interesting to note that the initial concerns about vulnerability linked ecological fragility and economic vulnerability together. It soon became apparent, however, that the two notions needed to be analyzed separately.¹⁵⁷ This was so, despite the understanding that economic vulnerability could be induced by natural disasters (United Nations, 1999).

The relatively high GNP per capita of some SIDS, resulted in a view of SIDS being economically strong, when in fact it was argued that their economies were quite fragile (ECLAC, 1993; Briguglio 1993). The fragility is derived from the risk of being negatively affected by shocks, such as the rapid decline in the price of a country’s major export or the erosion of trade preferences or the proliferation of trade blocs (Byron 2000; Schiff 2002). The risks or difficulties arose from the structure and operation of the markets and the small size of economic entities.

Work to construct a measure of the economic vulnerability of small States was initially undertaken as it was surmised that such an index could present a single-value measure of economic vulnerability which could be considered by donor countries and organizations when taking decisions regarding the allocation of financial aid and technical assistance. In 1993 Briguglio began work to develop a vulnerability index for small island States. This followed a proposal from the Maltese Ambassador during a 1990 United Nations Conference on Trade and Development (UNCTAD) expert meeting on the problems of small island developing states.¹⁵⁸ He used indicators of export dependence, insularity and remoteness, and proneness to natural disasters to measure the degree of vulnerability of small island States.

Work on the development of an economic vulnerability index began as early as 1997 with vulnerability indices being developed by Briguglio and Pantin¹⁵⁹, which were presented at the ad hoc Expert Group Meeting on Vulnerability Indices for Small Island Developing States in December 1997 (United Nations, 1998). Crowards (cited in United Nations, 1999) undertook an exercise to develop an economic vulnerability index using data from 1993 and variables relating to trade, such as concentration of export and import markets and reliance on key imports, dependence on external sources of investment and relative isolation. The relevant results of his index for 93 countries are presented in Table 3.

The Commonwealth Secretariat undertook work on a Cumulative Vulnerability Index (CVI) which measured the vulnerability of 111 small and large developing countries which was presented as part of the Report of the Commonwealth Secretariat/World Bank Joint Task Force on Small States in

¹⁵⁶ Lewis advanced that there were three proximate causes of growth: the first being efforts to economize either by reducing the cost of any given product or by increasing the yield from any given input of effort or of the resources. The second is the increase of knowledge and its application and the third is increasing the amount of capital or other resources per head. (Lewis 1955, pg 11)

¹⁵⁷ Guillamont (1999) posits that losses in biodiversity, which reflect ecological fragility and need to be analyzed for themselves are not necessarily major elements of economic vulnerability.

¹⁵⁸ SOPAC (1999) Report on the Environmental Vulnerability Index (EVI) reported that initial work on the vulnerability of States focused on the economic aspects even though different forms of vulnerability of States have been identified.

¹⁵⁹ Pantin’s study proposed ecological vulnerability indicators that might capture the susceptibility of small economies to damage caused by natural disasters.

2000 (Peretz et al, 2001).¹⁶⁰ The CVI concluded that in general, small States were more vulnerable to external economic forces and environmental hazards than large States (Atkins, et al 2001). The Committee for Development Policy (CDP),¹⁶¹ acknowledged the work of the Commonwealth Secretariat, and others to develop an Economic Vulnerability Index. The Committee in its first report, recommended that the five indicators which had been selected as a measure of economic vulnerability: export concentration, the instability of export earnings, the instability of agricultural production, the share of manufacturing and modern services in GDP and population size, be given equal weight in the composite Economic Vulnerability Index. The committee suggested that the Economic Vulnerability Index would need to be progressively refined and supplemented by other aspects of vulnerability which had not been taken into account (United Nations, 1999). In 2003 it was agreed that five components be measured in the Economic Vulnerability Index: small population size; share of manufacturing and modern services in GDP; export concentration coefficient (UNCTAD index); instability of exports of goods and services; instability of agricultural production; and homelessness, that is, the share of population displaced by natural disasters.

TABLE 3
ECONOMIC VULNERABILITY INDICES FOR SELECTED CARIBBEAN SIDS BY TYPE OF INDEX

Country	Composite vulnerability index (CVI)	CVI rank	Croward's index rank
Cayman Islands	...	...	3
Grenada	7 848	15	...
Jamaica	7 484	18	15
Haiti	4 474	96	14

Source: Atkins et al (2001); Watson (2001); unavailable.

At the sixth session of the CDP a revised Economic Vulnerability Index was proposed (United Nations, 2004). This one would continue with the use of most of the above indicators, but would include an indicator of remoteness (measured by high transport costs and relative isolation); would remove the notion of export concentration; and would seek to include an indicator of transformation (which would measure the share of manufacturing and modern services) (Guillaumont, 2004). It was noted that the EVI was not a comprehensive vulnerability index and was in use for LDCs with other measures.

The environmental vulnerability index

The Environmental Vulnerability Index was initially developed in early 1999 by the South Pacific Applied Geoscience Commission (SOPAC)¹⁶² to provide an index which described the relative

¹⁶⁰ Tom Crowards (2001) critiqued the integrity of the CVI, suggesting that its underlying assumptions are flawed, and that the data and methodology employed was questionable.

¹⁶¹ The Committee for Development Policy (CDP) is a subsidiary body of the United Nations Economic and Social Council which prior to 1999 was named the Committee for Development Planning. The "Committee provides independent advice on emerging cross sectoral development issues such as the role of information technology in development and the role of the United Nations system in supporting the efforts of African countries to achieve sustainable development. (retrieved February 3, 2005 from <http://www.un.org/esa/analysis/devplan/cdpbackgroundnote.pdf>)

¹⁶² SOPAC is the an inter-governmental regional organization dedicated to providing services to promote sustainable development among its 17 island member States and three associate member States. (retrieved 5 February 2005 from http://www.sopac.org/tiki-index.php?page_ref_id=152)

environmental vulnerabilities of small island States. The task was undertaken, just as in the case of the economic vulnerability index, on the recommendation of the SIDS POA and AOSIS. An initial list of approximately 47 indicators was selected and testing was conducted among 15 countries. The environmental vulnerability index was constructed from two sub-indices which related separately to risk and resilience. The sub-index which measured exposure to natural or human risks/hazards was known as the Risk Exposure Index (REI). The resilience index had two components to measure of Intrinsic Resilience Index (IRI) and the measure which sought to capture the present status or health of the environment, the Environmental Degradation index (EDI). The assumption for the inclusion of the EDI was that impacts in the past affect the ability of the environment to tolerate new impacts. The focus of the Environmental Vulnerability Index was on the environment itself and its vulnerability to both human and natural hazards.

SOPAC argued that the environment was susceptible to natural events, the actions of humans and their management strategies. Therefore, overall vulnerability of a State should include measures of both human and natural systems and the risks which affected them. Unlike other previously-developed environmental vulnerability indices, human impact was considered an exogenous factor and human systems not the recipients of the impact, and therefore not the main focus. It was further argued that a State could be considered environmentally vulnerable if its ecosystems, species and processes were susceptible to damaging anthropogenic and natural pressures and these pressures were high. SOPAC suggested that the completion of an Environmental Vulnerability Index would represent an important step towards characterizing the overall vulnerabilities of States, regardless of whether the information was presented separately or merged with other vulnerability indices to develop a Composite Vulnerability Index (CVI).

During the International Meeting on Small Island Developing States to review the implementation of the SIDS POA, concluded in January 2005 in Port Louis, Mauritius, the SOPAC presented the Global Environmental Vulnerability index (GEVI).

TABLE 4
ENVIRONMENTAL VULNERABILITY INDEX (EVI) FOR SELECTED CARIBBEAN SIDS

COUNTRY	RANK	EVI	REI	IRI	EDI
Barbados	6	4.17	3.75	3.50	4.90
Cayman Islands	13	3.95	2.86	5.0	4.25
Dominican Republic	101	3.08	2.71	3.33	3.31
Grenada	45	3.57	3.00	3.80	3.89
Haiti	61	3.38	2.40	3.67	4.19
Jamaica	22	3.84	3.50	3.83	4.19
Guyana	227	1.86	1.57	2.00	2.07

Source: Results for 235 countries of the Demonstration Environmental Vulnerability Index, SOPAC Technical report 356

Table 4 presents the EVI ranking for selected SIDS. The most vulnerable countries in rank order were Barbados, Cayman Islands, Jamaica, Grenada, Haiti, Dominican Republic and Guyana lastly.

The measure presented to delegates represented the culmination of six years of development and the first full evaluation of the environmental vulnerability index. Valid GEVI scores were given for 142 countries and evaluations for 235 countries and territories was presented using data collected for 50 indicators. The results showed that SIDS as a group is generally more vulnerable than other countries and that they are more likely to be data-deficient. The results also showed that the factors leading to vulnerability in countries differed markedly and would require different approaches for

protecting and building resilience (retrieved 4 February 2005 from http://www.sopac.org/tiki/tiki-print_article.php?articleId=64).

The social vulnerability index

Work on the development of a Social Vulnerability Index (SVI) is relatively new and was undertaken, like its counterparts, based on the SID/SPOA and the AOSIS. It is expected to play a complementary role to its partner indices the EVI and the GEVI and to eventually form part of the composite vulnerability index which would provide one measure of vulnerability.

The ECLAC Subregional Headquarters for the Caribbean accepted the challenge to develop a methodology for the construction of a measure of social vulnerability that could be used globally.¹⁶³ Work began in 2000 with a panel of experts to explore agreement on the definition of social vulnerability and methodological approaches best suited to achieve the task of measurement. By February 2003 tentative agreement had been reached around notions of social vulnerability and on the purpose of a measurement. It was agreed that such a measure could be applied at the national level, similar to the EVI or the GEVI, although it was agreed that the measurement could also have relevance to understanding the situation at the level of the person, household, or community. It was further agreed that the best approach to such a measure was one which strove to achieve simplicity, feasibility and parsimony (St. Bernard, 2003), as social vulnerability was deemed to be a difficult concept which could, at best, be measured only indirectly.

Important to the notion of social vulnerability is its difference from notions of poverty or economic backwardness (Briguglio 2003, Chambers 1989, Moser, 1996; St. Bernard 2004). One of the key features of this difference lies in the dynamic interplay between susceptibility and resilience inherent in the notion of vulnerability, whereas the lack of resources underpins the notion of poverty.

St. Bernard (2004) suggested that social vulnerability could be considered as the converse of social sustainability. In agreeing with Conway and Chambers, he advanced that:

“social vulnerability is the inability of human units (individuals, households or families) to cope with and recover from stresses and shocks, their inability to adopt to and exploit changes in physical, social and economic environments and their inability to maintain and enhance future generations.”¹⁶⁴

St. Bernard further argued that the nation could be considered as a social system which when functioning in equilibrium, is capable of sustaining itself.

Social vulnerability then can be defined as the extent to which the social system is able to respond favourably or unfavorably to the exposure to a sudden shock or event either of an economic, environmental, or social nature or a combination of those forces, and the society’s capacity or incapacity to cope with, adopt or adapt to the impact.

ECLAC’s short-term objective of measuring social vulnerability was twofold. One was to test whether data were available for undertaking such an exercise, as all previous attempts to measure vulnerability pointed to the data deficit nature of small States; and the second was to test the hypothesis that small States are inherently more socially vulnerable than large States, or provide information to the contrary.

¹⁶³ The ECLAC Subregional Headquarters for the Caribbean undertook the task of developing an SVI through financial support from the Kingdom of the Netherlands and with the technical support of the regional academic institutions, UWI and regional intergovernmental institutions such as CARICOM, CDB and National Statistical Offices (NSOs).

¹⁶⁴ St. Bernard (2004) p. 4.

TABLE 5
RESULTS OF PILOT TEST OF THE SOCIAL VULNERABILITY INDEX COMPARISON TO
OTHER MEASURES OF SOCIAL DEVELOPMENT BY SELECTED COUNTRIES

SVI Rank	Social Vulnerability Index	Human Development Index 1998	Poverty Rate – Head Count Index	Adjusted Human Development Index 1999 ¹⁶⁵
5	St. Kitts and Nevis <i>0.421</i>	St. Kitts and Nevis <i>0.798</i>	Saint Lucia (1995) <i>25%</i>	St. Kitts and Nevis <i>0.457</i>
4	St. Vincent and the Grenadines <i>0.456</i>	Grenada <i>0.785</i>	St. Kitts and Nevis (1999/2000) <i>31%</i>	St. Vincent and the Grenadines <i>0.437</i>
3	Belize <i>0.473</i>	Belize <i>0.777</i>	Grenada (1998) <i>32%</i>	Belize ...
2	Saint Lucia <i>0.490</i>	St. Vincent and the Grenadines <i>0.738</i>	Belize (1996) <i>33%</i>	Grenada <i>0.396</i>
1	Grenada <i>0.496</i>	Saint Lucia <i>0.728</i>	St. Vincent and the Grenadines (1995) <i>38%</i>	Saint Lucia <i>0.343</i>

Source: Adapted from St Bernard (2004) Table 6.

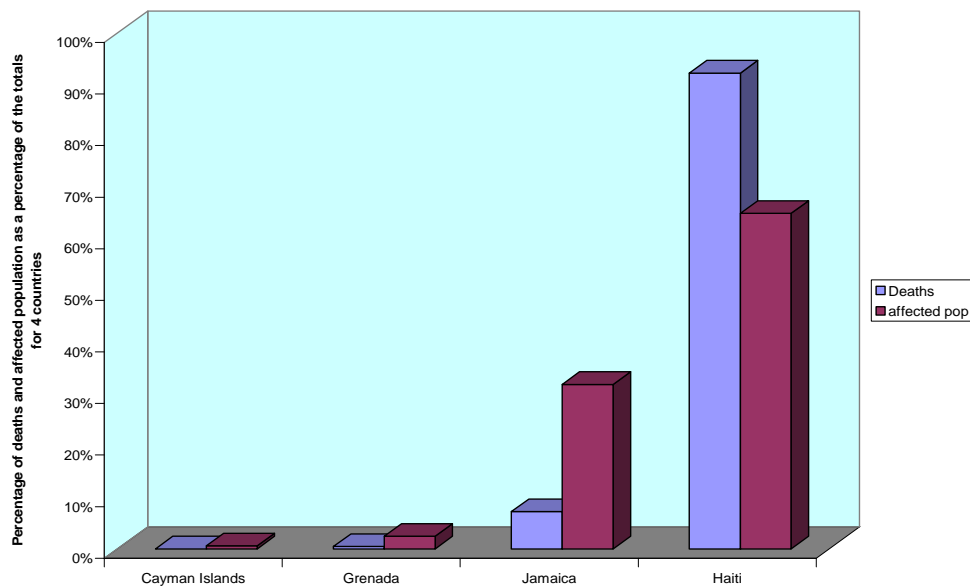
In June of 2004, the results of a pilot test among five Caribbean SIDS was presented to demonstrate the feasibility of the methodology to act as a measure of social vulnerability. In undertaking the pilot test St. Bernard (2004) examined five domains for measuring social vulnerability: (i) education; (ii) health; (iii) security, social order and governance; (iv) resource allocation; and (v) communications architecture. It was clear that a far more extensive global study would have to be undertaken to be able to indicate in any way the status of the social vulnerability of small States vis-à-vis their larger counterparts and that additional work would have to be done to refine the indicators. The results of the St. Bernard study are presented in Table 5. It is interesting that the results of the pilot social vulnerability index, like its economic counterpart, also found Grenada, one of the four States under review, to be among the most vulnerable of the islands tested.

¹⁶⁵ See OECS (2002), Table 2.7, Page 63

Natural disasters and the vulnerability of four Caribbean SIDS

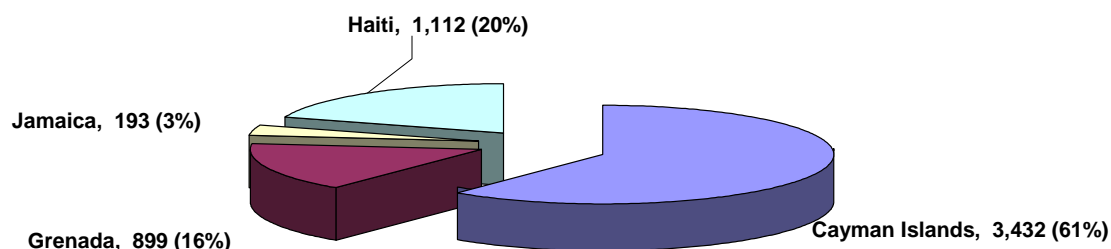
As was mentioned in section one above, in the four countries under review, for the period 1980 to 2004, over 8,000 persons lost their lives, nearly six million persons were affected and damages amounted to US\$5.6 billion. Another look at the data as presented in Figures II and III suggest that 92 per cent of the lives lost occurred in Haiti, and 61 per cent of the value of the combined disasters could be ascribed to the assets of the Cayman Islands. The low level of lives lost was not totally unexpected, as householders in the Cayman Islands were better prepared¹⁶⁶ to sustain a natural disaster. The value of their assets, taking into account housing stock and belongings, were greater than those in Haiti. Jamaica, although comprising 32 per cent of the affected population during that period, accounted for only 3 per cent of the value of the assets. This may be attributed to the fact that in many instances during that period, it was agricultural production for the domestic market that was affected and the majority of the affected population could be found amongst the poorest, with the lowest value ascribed to their lost assets.

FIGURE 2
PERCENTAGE OF DEATHS AND AFFECTED POPULATION AS A PERCENTAGE OF THE TOTALS FOR FOUR CARIBBEAN SIDS (1980-2004)



¹⁶⁶ Caymanian households knew where shelters were located and moved to shelters when requested to do so, unlike the case of Haiti, where shelters were unknown, unavailable and information suggests that persons were not fully aware that they would be in harms way. See Table 9 which outlines the use or non use of a number of vulnerability risk reduction measures by the States under consideration.

FIGURE III
DAMAGES CAUSED BY NATURAL DISASTERS (IN MILLIONS US\$) FOR FOUR
CARIBBEAN SIDS (1980-2004)



Source: Calculated from data drawn from the OFDA/CRED database and ECLAC reports.

Caribbean SIDS can be susceptible to an array of natural events which, due to the geography, physical make up and socio-cultural circumstances of SIDS, have the probability of becoming natural disasters. As was previously mentioned, Caribbean small States are dependent on their coastal zones for settlements and livelihoods, particularly in the tourist sector, and therefore sea-level rise and climate change are an important threat. However the more immediate and primary natural hazards facing the islands are earthquakes, hurricanes, volcanic activity and resulting tsunamis and storm surge, torrential rains resulting in disastrous flooding of low-lying areas, and landslides. Table 6 below details the threats which those natural hazards may pose to the region.

TABLE 6
NATURAL EVENTS AND POSSIBLE THREAT

TYPE OF EVENT	THREAT
Earthquakes	All Caribbean countries with the exception of Bahamas and Guyana, lie close to the known tectonic plate boundaries. The North American plate dips from east to west beneath the Caribbean plate along a north-south line just east of the Caribbean arc
Volcanic Activity	Several of the islands of the Eastern Caribbean are volcanic in origin. The volcanoes are considered to be either active or dormant. Kick'em Jenny (just north of Grenada) is an active submarine volcano.
Tsunamis (Sea waves that travel at an average of 500 to 600 km per hour)	Studies suggest that a violent eruption of Kick'em Jenny would result in waves that reach heights of 7 meters on the north shore of Grenada within 5 minutes of the eruption. All other islands of the Eastern Caribbean would experience waves ranging from 1.7 meters to over 5 meters high.
Hurricanes and tropical storms	The Caribbean lies in the North Atlantic Ocean, one of the six main tropical areas of the earth where hurricanes may develop every year. The destructive potential of a hurricane is significant due to high wind speeds and torrential rains that produce flooding and occasional storm surges with heights of several feet above normal sea level.
Excessive rainfall	The results of flooding depend on type of elevation of facilities in the location of the event. The results may range from loss of equipment and finishes inside flooded buildings to deaths and property damage.
Storm surges and coastal area flooding	Storm surge is associated with hurricanes and consist of unusual volumes of water flowing onto shorelines. Storm surge has been responsible for much of the damage caused by hurricanes, especially in large low-lying coastal settlements. The increase of coastal settlement has put much of our economic investment at risk from sea damage
Landslides	Many landslides in the Caribbean islands are brought about by inappropriate framing practices and road construction in mountain areas, although triggered by natural events.

Source: ECLAC/CDCC Disaster Assessment Training manual for Caribbean Small Island Developing States (2004; ECLAC Manual for Estimating the Socio-Economic Effects of natural disasters (1999); Nicholls, 1998; Gibbs, 1998.

Since 1995 the region has experienced an above average number of storms. Between July and September of 2004 there were 153 major events (ECLAC, 2004) and it was not surprising that in September 2004, alone, at least eight States in the Caribbean, and one in the wider Caribbean, Venezuela, were affected by natural events, some worse than others. Table 7 details the characteristics of the events which affected the four countries under consideration. Three of the four countries were affected by Hurricane Ivan, which was considered the most damaging hurricane to hit the Caribbean in 10 years. Ivan was described as a “classical” long-lived Cape Verde hurricane. On 2 September Ivan developed into a tropical depression into a tropical storm and then to a hurricane by 5 September. Ivan then became a major hurricane and passed over Grenada and then North of Venezuela and the Netherlands Antilles toward Jamaica. It strengthened to a category 5¹⁶⁷ hurricane, then weakened to a category 4 as it moved westward south of Jamaica. Ivan briefly regained strength before it reached Grand Cayman on September 11 which experienced the hurricane until the morning of Monday 13 September, whereupon the cyclone proceeded towards the Western tip of Cuba before making landfall in the United States.

TABLE 7
DESCRIPTION OF NATURAL EVENTS

Country	Event	Duration	Category on Saffir-Simpson Scale	Wind Speed (KPH)	Atmospheric Pressure	Storm Surge (M)
Cayman Islands	Hurricane Ivan	11-13 Sept	5	241		3m
Grenada	Hurricane Ivan	6-7-Sep	3	233	1000mb	3m
Jamaica	Hurricane Ivan	9-10-Sep	4	340		20m
Haiti	Tropical Storm Jeanne	18-19 Sept	...	...	...	...

Source: ECLAC reports of the Assessment of the Socio-economic impact.

The fourth country, Haiti, was hit by Tropical Storm Jeanne which threw some 550 mm of rains on the *Nord-Quest* and *Artibonite* regions resulting in 3m of mud and flood waters gushing down the mountainsides into the valleys of *Gonavies* and *Port-de-Paix*.

The effects of Hurricane Ivan and Tropical Storm Jeanne were evident everywhere: lives lost, homes without roofs, homes gutted and destroyed by the effects of sea surge and mud slides; schools and churches without roofs and interiors; electricity and telephone lines destroyed; roads and bridges damaged; nutmeg, banana, citrus and root crops destroyed; beaches eroded, unusual sand deposits, coral reefs damaged; and river beds clogged with silt and debris. The full impact of the disaster made itself felt in the destruction of productive capacity and human well-being. The social and economic cost to each country was different as can be seen in Tables 7 and 9.

¹⁶⁷ Saffir-Simpson Hurricane Scale is a one to five rating based on a hurricane's present intensity. It is used to give an estimate of the potential property damage and flooding expected along the coast from a hurricane landfall. Wind speed is the determining factor in the scale. (retrieved on January 25, 2005 from <http://www.nhc.noaa.gov/aboutsshs.shtml>) See Annex 3 for the full elaboration of the table.

Table 8 presents an overview of the extent of damage caused to the people living in those territories. It is clear that smaller islands, such as the Cayman and Grenada, had the largest proportion of their population affected, 83 per cent and 79 per cent, respectively, while the bigger States, Jamaica and Haiti had the smaller proportion of their population affected, 14 per cent and 4 per cent, respectively, despite the larger absolute numbers. This has to do as much with dispersal of population as with the meteorological occurrence of the natural event. In the case of Haiti and Jamaica the natural event was contained whereas in the case of Grenada and Grand Cayman the natural event covered the entire island. It is argued that in modern times the pattern witnessed following a natural disaster is a reduction of deaths and injuries, due to better warning systems and other preparedness of the population and an increase in property damage because of the unsuitable building practices and locations used for settlements. Haiti, as can be seen in Table 8, with 3,000 lives lost, as compared to the Cayman Islands, with two lives lost, has not yet arrived at that point of preparedness, as its sister Caribbean territories. There are complex political, economic, environmental and socio-historical factors for Haiti's current situation which, unfortunately, this paper does not have the space or time to address.¹⁶⁸ In regard to property damage, the reason advanced for an apparent increase, has been generally attributed to the fact that the driving force for property development in the Caribbean has been commercial gains and not issues of safety (Gibbs 1998, Pelling 2002, ECLAC 2004).

TABLE 8
IMPACT OF HURRICANE IVAN ON LIVING CONDITIONS OF PEOPLE
IN FOUR SELECTED COUNTRIES

Country	Total Population	Affected Population	Percentage of Population	Absolute Number of Deaths	Number of Dwelling Places Damaged	Percentage of Housing Stock
Cayman Islands	42,397	35,189	83	2	13,535	83
Grenada	102,632	81,553	79	28	28,000	89
Jamaica	2,620,000	369,685	14	17	102,000	14
Haiti	7,929,048	297,926	4	3,000	49,882	3.8

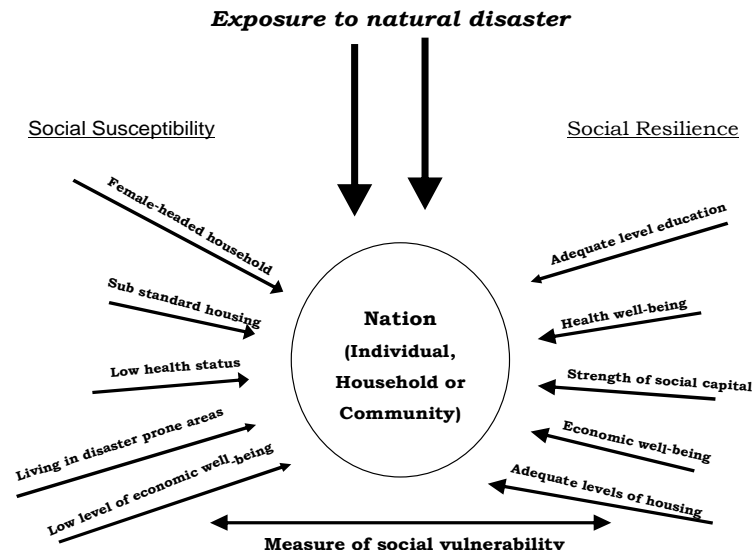
Source: ECLAC Reports of the Assessment of the Socioeconomic Impact

What is it that makes one country more socially vulnerable than others? It can be suggested that in addition to the magnitude of the threat, there is the dynamic interplay among the factors which affect susceptibility and resilience in the social sector that will result in a differential degree of social vulnerability of countries.

Figure IV illustrates the impact of a natural disaster on a national community, and the possible array of factors that may influence the susceptibility or resilience resulting in a degree of vulnerability of the social structure. In the four countries examined, the most common of those factors observed were: the social capital; the quality of housing and location of settlements; the living conditions of female headed households; and the economic well-being of the population.

¹⁶⁸ For a deeper appreciation of the Haitian circumstance, the reader may refer to David Nicholls (1985), *Haiti in Caribbean Context*, McMillian Press Ltd.

**FIGURE IV
FRAMEWORK FOR THE SOCIAL DIMENSION OF VULNERABILITY
TO A NATURAL DISASTER**



Source: Adapted from Kambon (2002)

Let us look first at the strength of the social capital. This is a central factor both in the preparatory phase to mitigate the effects of the disaster and in response to the reconstruction and return to development following a disaster.¹⁶⁹ It was quite clear in Grenada that those communities which could come together quickly and without outside facilitation would fare well. Those, whose members had a deep sense of connectedness, fared better than those whose population were recent comers to the community.¹⁷⁰ Examples of the first type of the community were villages such as Apres Tout and Rose Hill whose members cleared roads themselves, replaced roofs and rebuilt the homes of the elderly and less secure. Members of these communities still held to the maroon custom of self help and were proud of their independence and capacity. Interestingly, these groups were informed about programmes offered for self improvement and community improvements, offered either by Non-Governmental Organizations or the government, and were poised to take advantage. In the case of the latter communities in which household members did not feel that deep sense of rootedness or connectedness, the slowness to complete the repair process was noticeable. Such communities could be found in the Grande Anse Valley, where recent arrivals, had made their home. They had come mainly from rural communities, in the search of employment and a better life. These groups appeared less informed about available reconstruction programmes and required more assistance in order to better their circumstance.

But this is only one aspect of the social capital equation, that which speaks to trust among members of the community. The other aspect speaks to the trust between the community and its leadership. A trust that is based on the notion that leadership will so structure the use of resources for reconstruction and development that programmes will be initiated and will succeed, and most importantly, will address the strategic and development needs of the population. This link between

¹⁶⁹ Pelling (2002) argues that social capital alone does not shape the outcomes of social vulnerability, but because it affects access to social assets such as: political power, and representation, patterns of reciprocity and exclusion, and institutional beliefs and customs, it becomes an important determinant of social vulnerability.

¹⁷⁰ A second visit to Grenada in February 2005, to undertake a gender impact assessment following Hurricane Ivan was undertaken. The report LC/CAR/L.48 is available.

leadership or policy makers and community is the substance of governance. Lewis suggests that governments need to influence the use of resources because the price mechanism does not always yield “socially acceptable results”.¹⁷¹ He goes further to suggest that “no country has made economic progress without positive stimulus from intelligent governments”.¹⁷² It is only natural that communities would look to their governments to stimulate the repair process after a natural disaster. All governments had put measures in place to facilitate the repair process. Relief programmes had been well established in all countries under review. They were mobilized and executed jointly through the regional and international community with the national governments, private sector organizations and members of civil society.¹⁷³ Recovery and reconstruction, however, in the main were the business of national governments in conjunction with civil society organizations. The execution of these programmes depended on the financial and human resources at the government’s disposal. In the Cayman Islands, Jamaica and Grenada, grants were made available to home owners to initiate their own repairs. However, the degree of ease with which those grants reached the intended populations, often depended on the legislative framework and the efficiency of the national level technocrats.

The second factor which affects social vulnerability is the quality of housing and the locations of settlements. Since a significant part of the wealth of Caribbean SIDS is invested in their built environments, damage or destruction of those environments are a serious setback to the development prospects of the country. Such investments can be found in housing, both public and private; schools, hospitals, government buildings: such as libraries, museums and sporting facilities; infrastructure, such as its network of roads and bridges and telecommunications and ports; and its industrial and commercial facilities. It has been suggested that some of the factors which determine the resilience of the built environment, includes appropriate design and location, construction quality and maintenance (CDERA, 2005). Development practitioners following a natural disaster, although anxious to reinvest in the ‘built environment’ may wish to heed Lewis, who warns, that one of the most common faults of development programmes is “to conceive of development too largely in terms of investment in concrete things, and too little in terms of investment in persons”.

This paper addresses only one component of the built environment as it impacts on social vulnerability of the nation and that is the private dwelling or housing stock. As can be seen in Table 8, damage to the housing stock has been considerable in the countries under consideration, even where it is small proportionately. Evidence suggests that private dwelling homes in the Caribbean are, in very few instances, built to meet the standard building codes,¹⁷⁴ even in countries that have adopted building codes. Table 9 provides some indication as to the status of the four countries in regard to adherence to building codes. It has been suggested that this lack of compliance/adherence has to do with the substantial portion of housing that is built through an informal construction sector. This informal sector has not received adequate or sufficient training to allow its members to be able to adhere or conform to building standards. The result is that much of the housing is vulnerable to the impacts of natural hazards. Definitely, there is need for increased investment to strengthen community capacity in this area of construction and to seek a more responsible role for the private sector. In addition there are many complications in the legal framework of land entitlement and use, which make it impossible for land holders to access adequate funding to construct outside of this informal sector. All of these complications are making support for the repair and rebuilding of damaged homes in Grenada a very slow and cumbersome process.

¹⁷¹ Lewis *ibid* p. 378.

¹⁷² Lewis *ibid* p. 376.

¹⁷³ Relief efforts for Jamaica amounted to some US\$4.5 million following hurricane Ivan.

¹⁷⁴ In 1986 the Caribbean Uniform Building Code or CUBiC was formally accepted by CARICOM Council of Ministers of Health, after two decades of work to develop such a standard. It was developed to provide appropriate building standards for the Caribbean region. To date only three Caribbean countries have made the code mandatory, through laws in Parliament. In the Eastern Caribbean, a model building code, based on CUBiC has been developed to facilitate the introduction of national codes. A project is underway supported by CDB for the revision of the code. Sale and distribution of the code is under the authority of the Council of Caribbean Engineering Organizations.

TABLE 9
INDICATORS OF THE USE OF VULNERABILITY RISK REDUCTION MEASURES

Country	Early Warning Systems in Place	Evacuation of Populations at Risk	Adoption and use of Building Codes
Cayman Islands	yes	yes	Adoption and Use of South Florida Building Codes and currently have their standard code : the SBCCI, the Standard Building Code of the Cayman Islands
Grenada	no	no	Adoption of OECS Building Codes (not implemented)
Jamaica	yes	yes	Jamaica National Building Code under consideration (based on CUBiC
Haiti	no	no	No building codes in use

Source: Gibbs (retrieved 1/26/2005 from http://www.disaster-info.net/carib/buildingcodes_comparison1.htm; Wason (2001) retrieved 1/26/2005 from <http://oas.org/pdgm/document/codemtrx.htm>)

In the Cayman Islands where luxury houses were as completely damaged as low income homes, location of the housing was a central factor. The difference of course was in regard to the burden of repair. Not surprisingly, larger proportions of the wealthy had insurance coverage than the poor¹⁷⁵. However, many who were insured, were underinsured and without insurance to the contents of their household. These groups suffered enormous damage as sea surge and water inundation was the main impact of the hurricane. Even though the type of damage to the housing stock in the Grand Cayman was qualitatively different than that of Grenada, the end result was that over 80 per cent of the housing stock of both countries was destroyed or severely damaged. Table 8 presents proportion of housing stock damaged or destroyed.

In examining the living conditions of female-headed households, development practitioners and policy makers may be guided by Lewis, who suggests that development should benefit women. He argues:

“In underdeveloped countries woman is a drudge, doing in the household tasks which in more advanced societies are done by mechanical power – grinding grain for hours, walking miles to fetch pails of water, and so on. Economic growth transfers these and many other tasks – spinning and weaving, teaching children, minding the sick – to external establishments, where they are done with greater specialization and greater capital, and with all the advantages of large scale production. In the process woman gains freedom from drudgery, is emancipated from the seclusion of the household, and gains at last the chance to be a full human being, exercising her mind and her talents in the same way as men.”

The living conditions of female heads of households have developed as one of the central factors in Caribbean SIDS, which influences the degree of vulnerability of the society. This is so because of the significantly larger proportions of households in the Caribbean that are headed by

¹⁷⁵ Research in the region suggests that not more than 30 per cent of the private dwellings in any territory in the region are insured.

women, than other parts of the globe,¹⁷⁶ and the fact that in the Caribbean, female headship is younger and with more children than in the developed parts of the world where female headship is characterized as elderly (ECLAC 1996). In addition, female-headed households in the Caribbean tend to be multi-generational, thus increasing the burden of care on the key provider. In four of the three countries under study – Grenada, Jamaica and Haiti, female headship accounted for 48 per cent, 45 per cent, 38 per cent of the households, respectively.¹⁷⁷ In Jamaica female headed households were overrepresented among the households that were reported to be destroyed or damaged, and in Grenada, it was quite clear that female heads of households were at a disadvantage to participate in income earning activities during the reconstruction processes, as they lacked the skills required for entry into the construction industry and had the burden of care for large numbers of children and the elderly. In addition, female unemployment rates are higher in the Caribbean than male rates and research has indicated that wage differentials are to the disadvantage of females, regardless of educational status.¹⁷⁸ Large numbers of women work in the informal sector, which in countries such as Jamaica, Haiti and Grenada became quite depressed following the disaster as local produce which could be sold were damaged or destroyed.¹⁷⁹ Assets held in small and micro business, such as shops and parlours, run from homes and small kiosks were destroyed and women found themselves doubly in debt. Women were called upon first to pay for lost assets and secondly to pay for assets which they purchased anew to reestablish their businesses.¹⁸⁰

The economic well-being of the population is another key factor which affects the susceptibility and/or resilience of the population. There are close links between poverty, low- income populations, and communities being disproportionately affected by natural hazards. In the four countries examined, each had significant proportions of their populations living in poverty, as presented in Table 2, Grenada 32 per cent, Jamaica 19 per cent and Haiti 67 per cent. The proportion of the population living below the poverty line in the Cayman was not known as no poverty assessment had been conducted. The disaster assessment reports (ECLAC 2004 a, b, c, 2005) pointed to the fact that the hardest hit were those who lived in the most precarious locations and circumstances due to their livelihoods and low income earning capacities, such as the communities found in Portland Cottage in Jamaica, Watlers Road in the Cayman and Soubise and D'rbeau Hill in Grenada, and parts of Gonaives in Haiti. It was clear that household income was a major factor because even where persons from higher income groups were severely affected, such as in the Cayman, along Seven Mile Beach, they were better able to buffer against the ill effects of the disaster through mechanisms such as insurance, savings, family assets and remittances. There is little disagreement that in order to reduce vulnerability, efforts will have to be made at influencing the distribution of wealth, resources and assets.¹⁸¹

¹⁷⁶ In the World's Women: Trends and Statistics 2000, the Caribbean ranks second with an average of 36 per cent of Female Headed Households (FHH) after Southern Africa, with 42 per cent. The rest of sub-Saharan Africa, Central America and South America have on average of 22 per cent, FHH.

¹⁷⁷ In the Cayman Islands data for headship was unavailable. Headship data from Grenada and Jamaica taken from the ECLAC Disaster Assessment Reports. Headship data for Haiti sourced from ECLAC (1996).

¹⁷⁸ See the discussion of gender inequality regarding income and education in papers prepared by Andaiye and Dr. Barbara Bailey, respectively, in *Gender Equality in the Caribbean: Reality or Illusion*, edited by Gemma Tang Nain and Barbara Bailey for the CARICOM Secretariat (2003), published by Ian Randle.

¹⁷⁹ IICA's research on women small farmers in the Caribbean supports the notion that the marketing of domestic agricultural produce is dominated by women.

¹⁸⁰ The United Nations document "Building the Resilience of nations and communities to disasters: Framework for Action 2005-2015", in paragraph 14 d, calls for a gender perspective to be integrated into "all disaster risk management policies, plans and decision-making processes, including those related to risk assessment, early warning, information management, and education training".

¹⁸¹ Lewis in outlining the functions of government which are relevant to economic growth, highlights influencing the distribution of income and ensuring full employment, among other functions such as: maintaining public services, influencing attitudes, shaping economic institutions, influencing the use of resources, controlling the quantity of money, controlling fluctuations, and influencing the level of investment.

TABLE 10
SECTORAL DISTRIBUTION OF THE IMPACT OF HURRICANE IVAN
ON FOUR SELECTED COUNTRIES

Country	Impact on Productive Sectors in US\$ Millions	Impact on Infrastructure in US\$ Millions	Impact on Social Sectors in US\$ Millions	Impact of Social Sector as % of Total Socio-Economic Impact ¹⁸²	Total Socio-Economic Impact Millions of US\$	Impact of Disaster as % of GDP
Cayman Islands	1117.7	488.4	1810.3	.53	3416.4	138.0
Grenada	539.2	262.4	1588	.66	2389.6	212.0
Jamaica	215.7	112.7	220.7	.40	549.1	8.0
Haiti	83.3	33.9	125.8	.52	243.0	4.5

Source: ECLAC Reports on the Socio Economic Assessments of the Natural Disasters

It is clear from Table 10, above that the social sector which includes housing, education and health, taking account of both infrastructure and services, accounts in most instances for more than 50 per cent of the total socio-economic impact of the disasters. The impact on Jamaica's social sector, for example, was the lowest, 40 per cent, while Grenada had the highest impact, with 66 per cent. Haiti and the Cayman Islands followed with 52 per cent and 53 per cent, respectively. Grenada, where the highest share of the impact of the disaster could be attributed to the impact on the social sector, also had the highest overall impact of the disaster to its GDP, 212 per cent, followed by the Cayman islands 138 per cent. For Jamaica and Haiti the impact on GDP was relatively low, 8 per cent and 4.5 per cent, respectively.

The author would like to suggest that by building resilience in the four areas discussed: (i) the social capital, (ii) the quality of housing and location of settlements, (iii) the living conditions of female-headed households and (iv) the economic well-being of the population, thus reducing the vulnerability in the social sectors, much can be done to reduce the overall vulnerability of Caribbean SIDS.

Conclusions

Professor Lewis outlines nine ways in which governments may bring about economic stagnation or decline: by failing to maintain order; by plundering its citizens; by promoting the exploitation of one class by another; by placing obstacles in the way of foreign intercourse; by neglecting the public services; by excessive laissez-faire; by excessive control; by excessive spending and by embarking upon costly wars.¹⁸³ Following a natural disaster, governments in the region would do well to examine their actions against Professor Lewis' checklist.

A natural disaster can be likened to the experience of a war. In one moment households communities and nations are intact and in the next in calamity, experiencing personal harm and loss of material assets. What lessons for development can be learned by the harsh experiences of our neighbours?

There are many, but the author wishes to highlight two types of lessons, for convenience framed as direct and indirect. Neither is easy to resolve nor is without economic or social costs.

¹⁸² The ECLAC methodology requires the estimation of damage and losses at present market value, taking into account the value of direct damage to stocks and inventories and indirect losses due to increased costs as a result of the natural disaster. A full discussion on the methodology can be seen in the ECLAC Disaster Training Manual for Caribbean SIDS (L/CAR/L.12 (2004)).

¹⁸³ Lewis *ibid* p 376.

The direct lessons are:

(a) That repair and maintenance plans and schedules for public buildings such as schools, day-care centres, hospitals and libraries need to be formulated and implemented, as these structures provide the infrastructure through which the human resource is formed. For small States, this fashioning of the human resource is critical for development.

(b) That the suffering and pain caused by loss of homes, in addition to the costs resulting from damage to the housing sector suggest that more attention needs to be paid to this sector. In each instance it was clear that slight regard for building codes and land use policies were the norm. It was also clear that the region's professional class of architects and engineers seemed not to have been able to take up the challenge of development and create a variety of low cost housing, which meets the aesthetic and safety needs of the population. Adequate housing is a basic right and will reduce State vulnerability to natural disasters; therefore emphasis should be placed on the provision of such.

(c) That the necessity for migration into urban centres or what is perceived as such, and the creation of urban slums, with its attendant social problems of ghetto culture, violent crime against the person, gender-based violence, over crowdedness, unsanitary living conditions and a sense of hopelessness, needs to be addressed so as to reduce the vulnerability of the nation State. One way to address the issue is to reduce the development gap between the rural and the urban environment and to engage in programmes of urban renewal and risk and vulnerability reduction.

(d) That members of populations, who are unaware and uninformed about a natural event that may pose a threat, are threats to their own safety and that of others. They are unable to take measures for their own safety, and thus increase the burden on the State. It was clear from the review those countries that had pro active systems in place, saved lives and reduced damage. Early warning systems and mechanisms for the preparation of the populations are therefore essential instruments that protect and save lives, property and livelihoods and contribute to the sustainability of development.

The indirect lessons are structural ones, which affect the very dynamic of national development. They include:

(a) The necessity for the inclusion of land tenure and use policies, which are based on equity and social justice, into the national development framework. These policies need to take into account the social susceptibility found among female-headed households and provide the requisite social protection measures. It is obvious that the lack of these policies acts as a constraint to effective and efficient reconstruction and development following a natural disaster. Their absence or inappropriateness increases the susceptibility of the population to natural events, as the most affected are too often found living in precarious locations and conditions.

(b) The need for improvements in governance and the institutions of governance. As we are reminded by Professor Lewis, governmental institutions can either delay the processes of moving forward or facilitate it. The review demonstrated the benefits of efficient and pro active governmental institutions, capable of responding to a natural disaster. Examples of such institutions could be found in Jamaica through agencies such as ODPEM, and to a lesser extent in the Cayman Islands, through its Social Services Department. Issues of transparency and accountability were everywhere indicating that all governments could improve management processes, while at the same time being mindful of the issues of trust which are embedded in these notions. All would benefit from deepening local government structures, formal or informal, so that a clearer sense of what is required for reconstruction on the ground is available to the policy makers who function at the centre.

(c) Finally, but not unconnected from the above, is the need for Caribbean SIDS to strengthen their capacity to withstand the negative impacts of globalization, particularly in regard to the erosion of social capital, while taking advantage of the opportunities which globalization presents. This would be useful in light of the significance of the role of social capital in the reduction of vulnerability and the enabling of the success of the development project itself.

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Annex

NATURAL EVENTS FOR THE PERIOD 1980 – 2004 FOR SELECTED CARIBBEAN SMALL ISLAND STATES

DATE	COUNTRY	LOCATION	EVENT	IMPACT	DISASTER CODE
12/Sep/2004	Cayman Islands	Grand Cayman	Wind Storm Hurricane Ivan	1 dead	2004-0462
13/Aug/2004	Cayman Islands		Wind Storm Hurricane Charley		2004-0415
30/Sep/2002	Cayman Islands	Cayman Brac, Little Cayman	Wind Storm Hurricane Lili	300 affected	2002-0626
8/Sep/2004	Grenada		Wind Storm Hurricane Ivan	39 dead 60,000 affected	2004-0462
14/Nov/1999	Grenada	Grand Anse, St John's, St Mark's, Western Carriacou, Petit Martinique, St George's	Wind Storm Hurricane Lenny	210 affected 5,500 (,000) US\$ damage	1999-0527
26/Jul/1990	Grenada	South of the Island	Wind Storm Tropical storm Arthur	1,000 affected	1990-0046
4/Aug/1980	Grenada		Wind Storm Hurricane Allen	5,300 (,000) US\$ damage	1980-0305
2003	Haiti	Saint Nicolas, Bombardipolis, Baie de Henne Jean Rabel (Far West Region)	Drought	35,000 affected	2003-0758
1983	Haiti		Drought		1983-0326
1982	Haiti		Drought		1982-0287
12/Jun/1981	Haiti	Southwest	Drought	103,000 affected	1981-0132
23/May/2004	Haiti	Fonds Verrettes (West department), Mapou (Southeast department) – Jacmel, Grand Gosier, Bodarie	Flood	2,665 dead 153 injured	2004-0231
1/Jun/2004				31,130 affected	
27/Mar/2003	Haiti	Cap Haitien	Flood		2003-0759
29/Mar/2003				320 homeless	
20/Dec/2003	Haiti	Cap-Haitien, Port-De-Paix	Flood	38 dead	2003-0624
22/Dec/2003				150,000 affected	

DATE	COUNTRY	LOCATION	EVENT	IMPACT	DISASTER CODE
29/Aug/2003	Haiti	Saint-Marc (Artibonite district)	Flood	24 dead	2003-0439
30/Aug/2003			Flash Flood	70 injured 12,000 homeless	
24/May/2002	Haiti	Azile, Grand Anse, Les Cayes, Port Salut, Chantal, Cap Tiburon, Department of Sud	Flood	31 dead	2002-0321
27/May/2002			Flash Flood	38,335 affected	
15/May/2001	Haiti	Petion-Ville, Nord, Artibonite, Grand'Anse	Flood	26 dead 11 injured 5,070 affected	2001-0207
Dec/2000	Haiti	Abricots region (Grand'Anse department)	Flood	12 dead 1,200 homeless	2000-0797
Nov/2000	Haiti	Cap Haitien, Bahon, Parois, Limonade	Flood	4 dead	2000-0722
Feb/1996	Haiti	North, Northwest, Grande Anse, Gonave Is.	Flood		1996-0025
11/Nov/1993	Haiti		Flood	13 dead 5,000 affected	1993-0574
30/Aug/1989	Haiti	Cazales	Flood		1989-0214
23/Feb/1989	Haiti	La Gonave Isl.	Flood	205 affected	1989-0211
8/Oct/1988	Haiti	Leogane	Flood	24,725 affected	1988-0596
30/Sep/1988	Haiti	Port-au-Prince	Flood	200 homeless 12 dead	1988-0596
20/Jun/1988	Haiti	Estere	Flood	200 homeless 2,500 affected	1988-0594

DATE	COUNTRY	LOCATION	EVENT	IMPACT	DISASTER CODE
27/Jan/1988	Haiti	North-West	Flood	15 dead 1 injured	1988-0060
8/May/1987	Haiti	Delmas, Caradeux, Port-au-Prince	Flood	1,000 affected	1987-0256
27/Apr/1987	Haiti	Port-De-Paix	Flood	105 affected	1987-0256
Dec/1987	Haiti	Southern	Flood	655 affected	1987-0222
10/Jul/1987	Haiti	Port-au-Prince	Flood	3,000 affected 33 dead 150 injured	1987-0127
23/Oct/1986	Haiti	La Gonave Island	Flood	5,000 affected 69 dead	1986-0125
1/Jun/1986	Haiti	Les Cayes Area	Flood	45,000 affected 79 dead 660 injured 13,200 homeless 85,000 affected	1986-0070
16 Oct/1989	Haiti	Port-au-Prince	Slides Landslide	60 injured 1,000 homeless	1989-0217
17/Sep/2004 18/Sep/2004	Haiti	Artibonite, Plateau Central, Sud, North-West department, Gonaives, Passereine, Portail, Mapou	Wind Storm Hurricane Jeanne	2,654 dead 2,620 injured 14,048 homeless 298,926 affected 21,000 (,000) us\$ damage	2004-0473
13/Sep/2004	Haiti	Cap-Haitien, Les Cayes	Wind Store Hurricane Ivan	3 dead 2,500 homeless 4,000 affected	2004-0462

DATE	COUNTRY	LOCATION	EVENT	IMPACT	DISASTER CODE
6/Oct/2003	Haiti	Port-au-Prince	Wind Storm	26 dead	2003-0495
			Storm	5 injured	
				150 homeless	
30/Sep/2002	Haiti		Wind Storm	26 dead	2002-0657
			Hurricane Lili	5 injured	
				150 homeless	
				250 affected	
22/Sep/1998	Haiti	Cap-Haitien, Jacmel, Cayes, Port Au Prince	Wind Storm	190 dead	1998-0380
			Hurricane Georges	29 injured	
				12,000 affected	
				80,000 (,000) us\$ damage	
23/Oct/1996	Haiti	Henne Bay	Wind Storm	40 dead	1996-0244
			Storm		
				115 homeless	
15/Nov/1994	Haiti	Jacmel, Port au Prince, les mones du massif de la Selle, Leogane, Southern Haiti	Wind Storm	1,122 dead	1994-0510
			Storm		
			Gordon	87,000 homeless	
				1,500,000 affected	
27/Jul/1990	Haiti		Wind Storm		1990-0041
			Tropical Storm Arthur		
11/Sep/1988	Haiti	Anse-a-Veau, Camp-Perrin, Cavaillon, Cayes, Ile-a-Vache, Jacmel, Jeremie, Kenscoff, Port-Salut	Wind Storm	54 dead	1988-0424
			Hurricane Gilbert		
				870,000 affected	
				91,286 (,000) US\$ damage	
5/Aug/1980	Haiti	South-West, Port-au-Prince	Wind Storm	300 dead	1980-0078
			Hurricane Allen		
				330,000 affected	
				40,000 (,000) US\$ damage	
Mar/2000	Jamaica		Drought	6,000 (,000) US\$ damage	2000-0138
Feb/1983	Jamaica		Drought		1983-0327
Jan/1982	Jamaica		Drought		1982-0289

DATE	COUNTRY	LOCATION	EVENT	IMPACT	DISASTER CODE
Jan/1981	Jamaica		Drought		1981-0209
23/May/2002	Jamaica	Manchester, Kingston,	Flood	9 dead	2002-0325
31/May/2002		Clarendon, St Catherine, St Thomas, St Ann, Portland, St Elizabeth		25,000 affected 1,114,300 (,000) US\$ damage	
21/May/1993	Jamaica	Clarendon, Portland, St Catherine, Kingston, St Thomas, St Andrew, Westmoreland, Trehawny	Flood	9 dead 82 homeless 4,290 affected 11,000 (,000) US\$ damage	1993-0036
21/May/1991	Jamaica	Kingston, St Catherine	Flood	1,340 homeless 550,000 affected 30,000(,000) US\$ damage	1991-0128
29/Jan/1988	Jamaica	Linstead area of St Catherine	Flood	440,000 (,000) US\$ damage	1988-0061
Nov/1987	Jamaica		Flood	9 dead 26,000 affected 31,000 (,000) us\$ damage	1987-0326
15/May/1986	Jamaica	Entire Island, especially the Parishes of Westmoreland, Clarendon and Ste. Catherine	Flood	54 dead 40,000 affected 76,000(,000) us\$ damage	1986-0060
11/Sep/2004	Jamaica	Clarendon, Westmoreland, St Catherine, St Elizabeth, St Thomas, St Ann, Trelawny, Kingston	Wind Storm Hurricane Ivan	15 dead 350,000 affected 111,000 (,000) us\$ damage	2004-0462
13/Aug/2004	Jamaica	St Elizabeth parish	Wind Storm Hurricane Charley	1 dead 6 injured 120 affected	2004-0415
20/Sep/2002	Jamaica	Westmoreland, Clarendon, Hanover	Wind Storm Hurricane Isidore		2002-0656
30/Sep/2002	Jamaica	St Thomas, St Andrews, St Elizabeth, Clarendon, Kingston, St Thomas parishes (Westmoreland)	Wind Storm Hurricane Lili	4 dead 1,500 affected	2002-0627

DATE	COUNTRY	LOCATION	EVENT	IMPACT	DISASTER CODE
6/Nov/2001	Jamaica		Wind Storm Hurricane Michelle	19 dead 200 homeless 18,330(,000) us\$ damage	2001-0615
21/Nov/1996	Jamaica		Wind Storm Tropical Storm Marco	800 homeless 3,000 (,000) us\$ damage	1996-0266
16/Nov/1994	Jamaica	St Elizabeth, Clarendon, St Catherine, Kingston, St Thomas, Portland	Wind Storm Storm Gordon	4 dead	1994-0516
12/Sep/1988	Jamaica	Entire country	Wind Storm Hurricane Gilbert	49 dead 810,000 affected 1,000,000(,000) us\$ damage	1988-0427
18/Nov/1985	Jamaica	Southern, Central (Clarendon, Manchester, St Elizabeth)	Wind Storm Hurricane Kate	7 dead 300 homeless 5,200(,000) us\$ damage	1985-0133
5/Aug/1980	Jamaica	North coast	Wind Storm Hurricane Allen	6 dead 9 injured 30,000 affected 64,000 (,000) us\$ damage	1980-0079

Source: "EM-DAT: The OFDA/CRED International Disaster Database
www.em-dat.net – Universite Catholique de Louvain – Brussels – Belgium"
Created on: Jan-27-2005 – Date version: v12.04

**LIST OF SMALL ISLAND DEVELOPING STATES (SIDS) - LATIN AMERICA
AND THE CARIBBEAN**

	COUNTRY	CAPITAL
1.	Anguilla ^{a b} Population: 13,008 (July 2004 estimate) ^d ; Terrain: flat and low-lying island of coral and limestone; Coastline: 61 km	The Valley
2.	Antigua and Barbuda Population: 65,000 (2002); Terrain: low-lying limestone and coral islands; Coastline: 153 km <i>Key Document: National Assessment Report</i>	St. John's
3.	Aruba ^{a b} Population: 108,000 (2002)	Oranjestad
4.	Bahamas Population: 312,000 (2002); Terrain: long, flat coral formations; Coastline: 3,542 km <i>Key Document: National Assessment Report</i>	Nassau
5.	Barbados Population: 269,000 (2002); Terrain: flat, central highland; Coastline: 97 km <i>Key Document: National Assessment Report</i>	Bridgetown
6.	Belize Population: 272,945 (July 2004 estimate) ^d ; Terrain: flat, swampy coastal plain; low mountains in south; Coastline: 386 km <i>Key Document: National Assessment Report</i>	Belmopan
7.	British Virgin Islands Population: 22,187 (July 2004 estimate) ^d ; Terrain: coral islands relatively flat; volcanic islands steep, hilly; Coastline: 80 km	Road Town
8.	Cuba Population: 11,273,500 (2002); Terrain: terraced plains, small hills, mountains; Coastline: 5,746 km	Havana
9.	Dominica Population: 70,000 (2002); Terrain: rugged mountains of volcanic origin; Coastline: 148 km <i>Key Document: National Assessment Report</i>	Roseau
10.	Dominican Republic ^b Population: 8,639,000 (2002)	Santa Domigo
11.	Grenada Population: 94,000 (2002); Terrain: volcanic in origin, central mountains; Coastline: 121 km <i>Key Document: National Assessment Report</i>	St. George's
12.	Guyana Population: 705,803 (July 2004 estimate) ^d ; Terrain: mostly rolling highlands; low coastal plain; savanna in south; Coastline: 459 km <i>Key Document: National Assessment Report</i>	Georgetown
13.	Haiti Population: 8,400,000 (2002) <i>Key Document: National Assessment Report</i>	Port-au-Prince
14.	Jamaica Population: 2,621,000 (2002); Terrain: narrow coastal plains, mountains; Coastline: 1,022 km <i>Key Document: National Assessment Report</i>	Kingston

	COUNTRY	CAPITAL
15.	Montserrat ^{a,b} Population: 9,245 (July 2004 estimate) ^d ; Terrain: volcanic island, mostly mountainous, with small coastal lowland; Coastline: 40 km	Plymouth
16.	Netherlands Antilles ^a Population: 219,000 (2002); Terrain: hilly, volcanic interiors; Coastline: 364 km	Willemstad
17.	Puerto Rico ^a Population: 3,897,960 (July 2004 estimate) ^d ; Terrain: mostly mountains with coastal plain belt in north; mountains precipitous to sea on west coast; sandy beaches along most coastal areas; Coastline: 501 km	San Juan
18.	Saint Kitts and Nevis Population: 38,000 (2002); Terrain: volcanic, mountainous interiors; Coastline: 135 km <i>Key Document: National Assessment Report</i>	Basseterre
19.	Saint Lucia Population: 151,000 (2002); Terrain: volcanic, mountainous with broad valleys; Coastline: 158 km <i>Key Document: National Assessment Report</i>	Castries
20.	Saint Vincent and the Grenadines Population: 115,000 (2002); Terrain: volcanic, mountainous; Coastline: 84 km <i>Key Document: National Assessment Report</i>	Kingstown
21.	Suriname Population: 436,935 (July 2004 estimate) ^d ; Terrain: mostly rolling hills; narrow coastal plain with swamps; Coastline: 386 km <i>Key Document: National Assessment Report</i>	Paramaribo
22.	Trinidad and Tobago Population: 1,306,000 (2002); Terrain: flat, hilly, mountainous; Coastline: km <i>Key Document: National Assessment Report</i>	Port-of-Spain
23.	United States Virgin Islands ^a Population: 124,000 (2002); Terrain: hilly, rugged, mountainous; Coastline: 188 km	Charlotte Amalie

Source: Small Island Developing States Network. http://www.sidsnet.org/sids_list.html, 1/29/2005.

^a Associate Member of a United Nations Regional Commission.

^b Not a Member or Observer of the Alliance of Small Island States (AOSIS).

^c States non-Members of the United Nations.

^d Population Figures Obtained from the CIA Factbook

Note: Population figures were obtained from the World Statistics Pocketbook, Small Island Developing States, United Nations Department of Economic and Social Affairs (containing data available as of 31 March, 2003).

THE SAFFIR-SIMPSON HURRICANE SCALE

CATEGORY	DESCRIPTION
Category One Hurricane	Winds 74-95 mph (64-82 kt or 119-153 km/hr). Storm surge generally 4-5 ft above normal. No real damage to building structures. Damage primarily to unanchored mobile homes, shrubbery, and trees. Some damage to poorly constructed signs. Also, some coastal road flooding and minor pier damage. Hurricanes Allison of 1995 and Danny of 1997 were Category One hurricanes at peak intensity.
Category Two Hurricane	Winds 96-110 mph (83-95 kt or 154-177 km/hr). Storm surge generally 6-8 feet above normal. Some roofing material, door, and window damage of buildings. Considerable damage to shrubbery and trees with some trees blown down. Considerable damage to mobile homes, poorly constructed signs, and piers. Coastal and low-lying escape routes flood 2-4 hours before arrival of the hurricane center. Small craft in unprotected anchorages break moorings. Hurricane Bonnie of 1998 was a Category Two hurricane when it hit the North Carolina coast, while Hurricane Georges of 1998 was a Category Two Hurricane when it hit the Florida Keys and the Mississippi Gulf Coast.
Category Three Hurricane	Winds 111-130 mph (96-113 kt or 178-209 km/hr). Storm surge generally 9-12 ft above normal. Some structural damage to small residences and utility buildings with a minor amount of curtainwall failures. Damage to shrubbery and trees with foliage blown off trees and large trees blown down. Mobile homes and poorly constructed signs are destroyed. Low-lying escape routes are cut by rising water 3-5 hours before arrival of the center of the hurricane. Flooding near the coast destroys smaller structures with larger structures damaged by battering from floating debris. Terrain continuously lower than 5 ft above mean sea level may be flooded inland 8 miles (13 km) or more. Evacuation of low-lying residences with several blocks of the shoreline may be required. Hurricanes Roxanne of 1995 and Fran of 1996 were Category Three hurricanes at landfall on the Yucatan Peninsula of Mexico and in North Carolina, respectively.
Category Four Hurricane	Winds 131-155 mph (114-135 kt or 210-249 km/hr). Storm surge generally 13-18 ft above normal. More extensive curtainwall failures with some complete roof structure failures on small residences. Shrubs, trees, and all signs are blown down. Complete destruction of mobile homes. Extensive damage to doors and windows. Low-lying escape routes may be cut by rising water 3-5 hours before arrival of the center of the hurricane. Major damage to lower floors of structures near the shore. Terrain lower than 10 ft above sea level may be flooded requiring massive evacuation of residential areas as far inland as 6 miles (10 km). Hurricane Luis of 1995 was a Category Four hurricane while moving over the Leeward Islands. Hurricanes Felix and Opal of 1995 also reached Category Four status at peak intensity.
Category Five Hurricane	Winds greater than 155 mph (135 kt or 249 km/hr). Storm surge generally greater than 18 ft above normal. Complete roof failure on many residences and industrial buildings. Some complete building failures with small utility buildings blown over or away. All shrubs, trees, and signs blown down. Complete destruction of mobile homes. Severe and extensive window and door damage. Low-lying escape routes are cut by rising water 3-5 hours before arrival of the center of the hurricane. Major damage to lower floors of all structures located less than 15 ft above sea level and within 500 yards of the shoreline. Massive evacuation of residential areas on low ground within 5-10 miles (8-16 km) of the shoreline may be required. Hurricane Mitch of 1998 was a Category Five hurricane at peak intensity over the western Caribbean. Hurricane Gilbert of 1988 was a Category Five hurricane at peak intensity and is one of the strongest Atlantic tropical cyclones of record.

Source: National Weather Service, Tropical Prediction Centre, National Hurricane Center. <http://www.nhc.noaa.gov/aboutsshs.shtml>, 1/25/2005

SOCIAL AND ECONOMIC CONSEQUENCES OF A NATURAL DISASTER

Type of disaster	Earthquake	Hurricane/ Cyclone	Flood	Tsunami	Volcanic eruption	Fire	Drought/ Famine
Short –term migration			X		X	X	X
Permanent migration							X
Loss of housing	X	X	X	X	X	X	
Loss of industrial trail production	X	X	X	X		X	
Loss of business production	X	X	X	X		X	
Loss of crops		X	X	X	X	X	X
Damage to infrastructure	X	X	X	X		X	
Disruption of marketing systems	X	X			X		
Disruption of transport systems	X		X				
Disruption of communications	X	X	X	X		X	
Panic	X			X	X	X	
Breakdown of social order	X	X	X	X	X	X	

Source: Adapted from ECLAC Manual for Estimating the Socio-Economic Effects of Natural Disasters (1999)

Changing population age structures and their implications on socio-economic development in the Caribbean

Karoline Schmid

Abstract

The paper provides a brief overview of recent economic trends and a synopsis of the demographic dynamics in the region. In light of this, an effort is made to present poverty levels in the region by introducing various types of measurements and data availability. The consequences of increased life-expectancy and longevity on the demographic structure are outlined and its interdependence with the labour market and labour supply are discussed. With this in mind, the paper seeks to determine to what extent Caribbean countries have recognised these transformations and have also been able to reflect these changing needs in their national social planning strategies and social protection policies. Further, it identifies those groups that are most at risk or who already live on the edge with little chance of improving their lot in the near future. Of particular importance is the question as to what extent governments have been recognising the needs of these particularly vulnerable groups and what specific measures have been and/or are being undertaken to cope with these challenges under tight economic conditions and with increasingly less qualified human resources in the region to do the job.

Introduction

The Caribbean right now finds itself at a crossroad of development. The present economic system with its dependency on a narrow range of goods and services that has provided the source of income for many over the past decades seems no longer to be viable while universal access to socio-economic support systems and primary health care can no longer be financed exclusively by governments. Still rather young societies are faced with a multiplicity of pressing needs and challenges, ranging from the HIV/AIDS pandemic to the impact of the inflow and outflow of migrants, the trafficking of drugs, guns and humans, high unemployment rates and unsustainable economic growth rates. Natural disasters in the region have increased the vulnerability and volatility of the region. In a context of very

limited resources, these rather diverse challenges keep national agendas chronically overloaded with competing demands that in a short term perspective appear to be rather urgent.

Generally less attention is given to the increased longevity and declining sizes of younger generations in the developing world, where the aging process is occurring silent, but much faster and under less favourable conditions than in the more developed world. However, according to the recently published results of the last population inquiry by the United Nations Population Division (United Nations, 2006a), the majority of Caribbean governments are pretty much aware of these changes and most have also expressed a considerable level of concern. And rightly so, since in the Caribbean as in many other parts of the developing world this transition is taking place in contexts of dwindling economic resources, societal decay, increasing poverty rates and institutional weakness, a scenario that does not guarantee equal minimums of quality of life and exertion of rights by all members of society.

The present systems of state provision of free social protection and primary health care seem no longer to be functional and thus new avenues to ensure sustainable and affordable social protection mechanisms need to be identified. Such new sustainable strategies can only be discussed in an all encompassing approach by linking socio-economic development perspectives to population dynamics. Also the qualification levels of the labour-force, productivity and the region's position in the international economy are of importance.

Social protection was also the core theme of the Thirty-first Session of the Economic Commission for Latin America and the Caribbean (ECLAC), held in Montevideo in March 2006. The discussions focused on the need for a new approach to social protection, given the structural changes the region is experiencing. It was suggested that this approach should be the result of a new rights-based social covenant, in which social rights are seen as the normative horizon, and existing inequalities and budgetary restrictions are the limiting factors to be addressed (ECLAC, 2006a). ECLAC proposes a framework of integral solidarity that combines contributory and non contributory mechanisms and places emphasis on an efficient use of the resources, with a view to expanding the coverage and raising the quality of services, especially for the lowest-income sectors of the population. The challenge for Latin America and the Caribbean is to build bridges between social rights and policy guidelines aimed at making them more enforceable through improved access, better financing and greater solidarity. With this in mind, ECLAC calls special attention to the reform and design of health and pension systems, taking into consideration both labour market dynamics and the countries' fiscal capacities.

To enhance awareness and to promote a coordinated approach to social protection at the national and Caribbean wide level, the ECLAC Subregional Headquarters for the Caribbean convened a high-level follow-up meeting to the United Nations General Assembly 60th Session 2005 World Summit where experts in the field, together with government officials, discussed strategies to advance the development agenda in the region. The meeting came up with a 'Social Development Matrix', a comprehensive framework to identify and support the implementation of national and Caribbean-wide strategies.

This paper will begin with a brief overview of recent economic trends which is followed by a synopsis of the demographic dynamics in the region. In light of this, an effort will be undertaken to present poverty levels in the region by introducing various types of measurements and data availability. The consequences of increased life-expectancy and longevity on the demographic structure will be outlined and its interdependence with the labour market and labour supply will be discussed. With this in mind, the paper will ascertain an effort to find out to what extent Caribbean countries have recognized these transformations and have also been able to reflect these changing needs in their national social planning strategies and social protection policies. Further, it will identify those groups that are most at risk or who already live on the edge with little chance to improve their lot in the near future. Of particular importance is the question as to what extent governments have been recognizing the needs of these particularly vulnerable groups and what specific measures have been and/or are being undertaken to cope with these challenges under tight economic conditions and with increasingly less qualified human resources in the region to do the job. Finally a set of

recommendations will be formulated as guidance for interested governments and regional policy and programme planning bodies.

While these challenges seem to be insurmountable at first sight, they can provide the region with a unique opportunity to build new alliances, establish new partnerships and benefit from the skills at home and abroad to establish a new social pact to ensure the inclusion of all members of society. Regional and global interaction, a spirit of entrepreneurship, recognition of own skills and taking advantage of economic niches, openness and engagement in the globalization process while protecting and preserving national and regional identities and cultures seems to be the only avenue to sustainable development and prosperity.

While international solidarity is a must to help the less developed countries to manage these transitions, good governance, accountability and transparency, sound and credible social policies, social equity and equality for all members of society are indispensable ingredients for a successful transition from a youthful population to an ageing society and for making this journey for all generations an enjoyable and dignified experience.

Vulnerability and dependence of Caribbean economies

Neither a thorough analysis of the social development process nor any attempt to design solutions to the pending problems can be undertaken without taking into consideration the broader economic framework of the region.

In the last three years, the Caribbean economy was able to stabilize itself. After two years of near zero growth of the Gross Domestic Product (GDP) during 2001 and 2002, the region's economies reached in 2005 again a stable GDP growth of 4.0% (average), after 3.6 per cent in 2003 and 4.8 per cent in 2004¹⁸⁴. The main reasons for this generally positive economic performance of the region are the ongoing strong external demand and the low international interest rates, as well as, although to a lesser extent, an expanding internal demand. But the individual national growth rates within the region vary heavily. The strongest growth rates were recorded by Turks and Caicos (12%), Anguilla, Saint Lucia, Trinidad and Tobago (roughly 7%); whereas in Jamaica and the Netherlands Antilles growth stagnated (1.4% and 1.5%, respectively) and Guyana even experienced a negative growth rate (-3%).¹⁸⁵

Unequal distribution of GDP growth is also a phenomenon visible when regarding the different economic sectors. Whereas the construction sector experienced the highest increase (9.5% on average), agriculture decreased heavily (-12%)¹⁸⁶. With regards to inflation, the prices increased significantly for most countries in 2005 (5.8%) after two years of relatively stable prices (3.8% in 2003 and 4.0% in 2004)¹⁸⁷. The increase in prices resulted mostly in the rise in prices of major import commodities such as oil and construction materials, supply constraints in the agricultural sector, rises in administered prices and changes in tax regimes. But besides inflation, the region also suffers from a relatively high rate of unemployment. There is only little and incomplete data available in this field, but the average unemployment rate for 2004 was estimated 8.9% (declining from 10.9% in 2003)¹⁸⁸.

Furthermore, the Caribbean still remains a region with a very high public sector debt. Saint Kitts and Nevis, Guyana, Jamaica, Grenada, Dominica and Belize ranked among the 10 highest indebted market emerging economies in 2004, and Guyana is rated as a "Highly Indebted Poor Country" (HIPC), reaching an indebtedness rate of 140% of GDP in 2005. In the region, the average

¹⁸⁴ ECLAC, Subregional Headquarters for the Caribbean: *Economic Survey of the Caribbean 2005-2006*, September 2006, p.7.

¹⁸⁵ In the same place, p. 6.

¹⁸⁶ In the same place, p. 6 and 14.

¹⁸⁷ In the same place, p. 7.

¹⁸⁸ ECLAC, Subregional Headquarters for the Caribbean: *Economic Survey of the Caribbean 2004-2005*, p. 5.

public debt constituted 58.1% of the GDP in 2005.¹⁸⁹ The high vulnerability to natural disasters remains one of the obstacles to development that most of the region's economies fear. Generally, the main challenges Caribbean economies were facing in 2005 and in the previous years are youth unemployment, the mismatch between the educational system and the needs of the labor market, low levels of labor productivity coupled with relatively high wages and the emigration of skilled persons from the region ("brain drain").

Caribbean countries and their economies are highly dependent on commodity exports and in most cases on only one or a few products. Therefore they are extremely vulnerable to any changes in their main destination markets regarding price, tariffs or quota concerning the exported good. In most Caribbean countries, agricultural products constitute the most important exports and thus the agricultural sector is of huge importance to the regional economies. Within the agricultural sector, sugar and bananas are the most significant contributors to the GDP. In some Caribbean countries, sugar constitutes over 10 per cent of the total GDP (for example 14% in Guyana and 10% in Belize).¹⁹⁰ With regard to the contribution to employment, the sugar industry generates up to 14% of the total national labor force (Belize)¹⁹¹ and in the agricultural employment it reaches and even exceeds the 50 per cent mark in many countries of the region, among them with the highest rates Trinidad & Tobago (68.9%), Saint Kitts and Nevis (52.7%), Barbados (52.6%) and Belize (49.9%)¹⁹². In the case of bananas, the countries with the highest export rate, besides Jamaica and the Dominican Republic, are mainly the Windward Islands in the Eastern Caribbean, like Dominica, Grenada, Saint Lucia and Saint Vincent and the Grenadines. The Dominican Republic has the highest banana yield in the region with 12 tons per hectare, followed by Saint Lucia (10 tons) and Jamaica (8 tons).¹⁹³ Correspondingly high is the level of dependence in these countries on the export of sugar or bananas. Prior to the closure of the sugar industry in 2005, sugar exports in Saint Kitts and Nevis accounted for 35 per cent of all exports, in Belize 26 per cent and in Guyana 24 per cent.¹⁹⁴ This situation is even more problematic for the banana-producing countries of the region as, for example in Saint Lucia, 54 per cent of all exports are concentrated on this one product (in Saint Vincent and the Grenadines 37% and in Dominica 27%).¹⁹⁵ These numbers show undoubtedly the extremely high danger that lies in their very specialized and non-diversified, export-orientated economies.

The most important destination market for both sugar and bananas from the Caribbean is the European Union (EU). Of the total amount of sugar exported from the Caribbean, 84% goes to the EU, thereby representing 28% of the EU import market share.¹⁹⁶ The main reason for this strong concentration on the European market is the preferential access guaranteed to the Caribbean producers as part of the Cotonou Agreement¹⁹⁷ signed between the EU and the African, Caribbean and Pacific (ACP) group of States in 2000. This agreement marks the latest step in the long ACP-EU relations which started with the Lomé Convention in 1975 and constitutes the world's largest financial and political framework for North-South cooperation. The Cotonou Agreement includes a protocol on sugar and on bananas where the preferred import of these commodities is regulated. Under the sugar

¹⁸⁹ ECLAC, Subregional Headquarters for the Caribbean: *Economic Survey of the Caribbean 2005-2006*, September 2006, p.30.

¹⁹⁰ ECLAC, Subregional Headquarters for the Caribbean: *Report of the Expert Group Meeting. Status of Trade Relations Between the European Union and the Caribbean under the Cotonou Agreement*, LC/CAR/L.78, December 2005, p. 7.

¹⁹¹ In the same place, p. 7

¹⁹² ECLAC, Subregional Headquarters for the Caribbean: *Restructuring Caribbean Industries to Meet the Challenge of Trade Liberalization*, LC/CAR/L.77, December 2005, p. 18.

¹⁹³ In the same place, p. 15.

¹⁹⁴ European Commission: *Communication from the Commission to the Council and the European Parliament. Agricultural Commodity Chains, Dependence and Poverty – A Proposal for an EU Action Plan*, COM(2004) 89, February 2004, p. 28.

¹⁹⁵ In the same place, p. 29.

¹⁹⁶ ECLAC, Subregional Headquarters the Caribbean: *Report of the Expert Group Meeting. Status of Trade Relations Between the European Union and the Caribbean under the Cotonou Agreement*, p. 7.

¹⁹⁷ Document ACP/CE/en 1, see http://ec.europa.eu/comm/development/body/cotonou/pdf/agr01_en.pdf#zoom=100.

protocol of the Cotonou Agreement, for example, the import at guaranteed prices is agreed, and this price was more than three times higher than the world market price. But with the revision of this agreement in 2005, the EU decided on rather drastic changes in these trade relations. The sugar import was affected very heavily with a 36 per cent cut of the guaranteed price until 2009 (from 631.9 EUR/t for the marketing years 2006/2007 and 2007/2008 to 541.5 EUR/t for the marketing year 2008/2009 to finally 404.4 EUR/t for 2009/2010 for white sugar)¹⁹⁸. The banana industry in the Caribbean, on the other hand, had to face the establishment of a tariff only regime on the export to the EU with a tariff of 176 EUR per ton (which is accompanied by a duty free quota of 775,000 tons a year for all ACP countries) from January 2006 on.

These changes pose a big threat to many Caribbean economies in their dependence on these commodity exports and on the preferential access to the European Union. The impact on the sugar industry is predicted to be huge; the losses for the region are estimated to be up to \$US90 million a year. At an expert group meeting convened by the ECLAC Port of Spain office in December 2005 on the status of the trade relations between the EU and the Caribbean, participants expressed their fear that the price cut would result in a loss in foreign exchange earnings and thus the ability to service debt payments, a fall in government revenues, destabilization of rural communities with the rise in unemployment, greater migration to the urban areas, increased poverty and crime and a setback in the attainment of the Millennium Development Goals¹⁹⁹. The extremely high dependence of the Caribbean sugar industry on high EU sugar prices results from a lack of competitiveness in the production costs for sugar, as these costs exceed the world market price for sugar in all Caribbean countries. In some countries, such as in Saint Kitts and Nevis and in Trinidad and Tobago, the production costs have been and are even higher than the EU market price. Guyana and Belize are the only countries that are able to produce sugar at a price significantly lower than the EU sugar price, as their production costs reach only 42 per cent and 52 per cent of the EU price, respectively. Whereas Brazil, for example, can produce at a cost of only US\$132 per ton, the costs in the Caribbean range from US\$330 in Belize to US\$1220 per ton in Trinidad and Tobago²⁰⁰. The same problem occurs for the banana industry, which is as well very dependent on the high EU price because of a similar lack of competitiveness in the world market. In the case of the banana industry, this lack of competitiveness results from a small scale of production, hilly terrain and poor soils on which banana is grown, the susceptibility to natural disasters and high labor costs.

This economic analysis has shown the rather volatile conditions in the region. Thus the main challenge remains in all efforts to restructure the regional economies to also tackle inequality and undertaking decisive efforts to reverse presently growing poverty trends.

Ageing in the Caribbean: A demographic overview

While the Caribbean is still characterized by a rather young population, a silent revolution has already started: The success in providing basic social and primary health care to Caribbean peoples has resulted in enhanced life-expectancy and declining numbers of deaths in early life-years. This, along with continuously declining fertility rates, has been leading to one of the world's fastest demographic transitions – a transformation of rather young societies to populations with increasing predominance of older persons. Many societies, including the less developed regions, have attained older population age structures than ever seen in the past. According to the Population Division (United Nations 2006a) many developing countries have experienced rapid shifts in their relative numbers of children,

¹⁹⁸ See Council Regulation (EC) No 318/2006 of 20 February 2006 on the common organisation of the markets in the sugar sector, http://eur-lex.europa.eu/LexUriServ/site/en/oj/2006/l_058/l_05820060228en00010031.pdf

¹⁹⁹ ECLAC, Subregional Headquarters for the Caribbean: *Report of the Expert Group Meeting. Status of Trade Relations Between the European Union and the Caribbean under the Cotonou Agreement*, p. 8

²⁰⁰ ECLAC, Subregional Headquarters for the Caribbean: *Restructuring Caribbean Industries to Meet the Challenge of Trade Liberalization*, p. 19

working age-populations and older persons and it is expected that the proportion of the population aged 60 and older in the less developed regions will rise from 8 per cent in 2005 to close to 20 per cent by 2050.

Since a comprehensive demographic analysis of Caribbean populations is provided in an earlier publication,²⁰¹ this study will only draw on a selection of ageing indicators to demonstrate these profound changes.

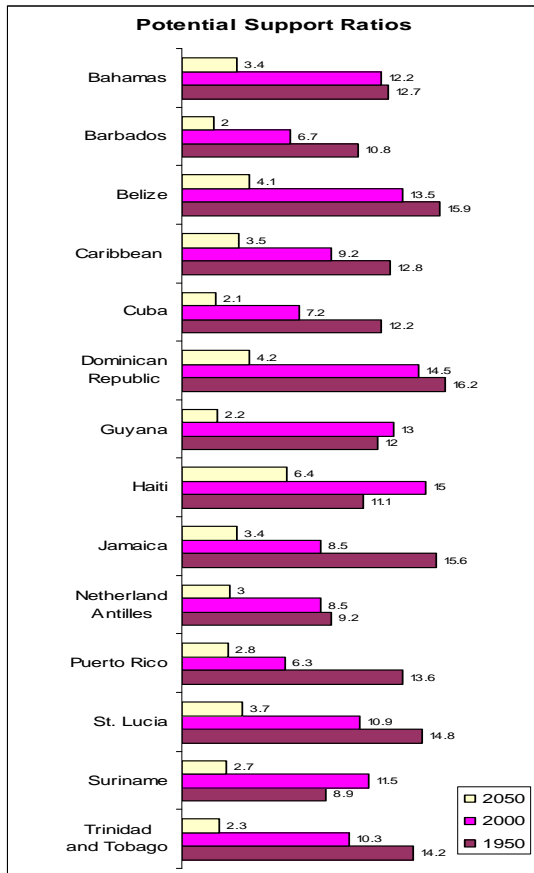
After a brief discussion of the region's fertility-patterns, two additional indicators will be presented: *The Percentage of Total Population aged 65 Years and over* and the *Potential Support Ratio (PSR)*, which is the number of persons aged 15 – 64 years per person aged 65 years or over and indicates the dependency burden of older persons on economically active age-groups.

Fertility decline

According to fertility estimates published by the United Nations Population Division (United Nations 2006b), fertility levels in the Caribbean have declined considerably over the past 50 years with five countries, Barbados, Cuba, Puerto Rico, the Netherlands Antilles and Trinidad and Tobago have already reached at below replacement levels of less than 2.1 children per woman. The large majority of the remaining Caribbean countries are expected to follow suit over the next decade, with the exception of Haiti, the only country in the subregion with a Total Fertility Rate (TFR) of more than three children.

²⁰¹ A thorough analysis of the changing demographic age-structures in the Caribbean can be found in an earlier ECLAC publication (ECLAC, 2004).

Percentage of population aged 60 and over



In a recently published ranking of all 183 United Nations member States (United Nations, 2006c) with data available according to their percentage of populations aged 60 years and over, two Caribbean countries, the United States Virgin Islands and Puerto Rico with both 17 per cent, are among the first 25 per cent of countries with the highest percentage of older persons. Another eight countries, Cuba (16 per cent), the Netherlands Antilles (14 per cent), Barbados (13 per cent), Trinidad and Tobago (11 per cent), Jamaica and Saint Lucia (10 per cent) and Suriname and Saint Vincent and the Grenadines (10 per cent) are among the first 50 per cent of the world's countries with regard to ageing. Worldwide Japan takes the lead with almost one third of its population in this age-group, whereas the United Arab Emirates are ranked last with only a mere two percent of its population over age 60.

Potential Support Ratio (PSR)

The Potential Support Ratio (PSR) is the number of persons aged 15 – 64 years per person aged 65 years or over and reflects the impact of demographic ageing on the demographic structure of a given population. Global trends show a decline over the last 50 years from 12 to 9 people

in the working ages per person aged 65 and over and it is expected that this ratio is to become even more skewed with a ratio of 4 to 1. The Caribbean right now experiences a reasonable sound ratio of 10 persons aged 15-64 per person 65 years and older, but rapid transformations are underway that are expected to bring the ratio down to 3 to 1 by the year 2050. Some countries, such as The Bahamas, Barbados, Saint Vincent and the Grenadines, Suriname and Trinidad and Tobago can even expect, according to the most recent figures released by the United Nations Population Division (United Nations 2006c), more drastic declines - 70 per cent or more - over the coming 50 years.

Government views and policies

How do Caribbean countries view such trends? Results of the recently conducted survey on world population policies by the United Nations Population Division (United Nations, 2006a) show that 11 out of the 16 participating countries from the Caribbean stated that population ageing was an area of major concern and for five a minor concern. While presently most countries in the region are still struggling to cope with rather young populations, the majority of Caribbean countries seem also to be very much aware of the present and future challenges the declining size of the working age-population will pose. More than 50 per cent of the countries recognize the declining size of their working-age population as a major concern and almost all others, with the exception of Cuba and Suriname, perceive these transitions as an area of minor concern (see table 1).

TABLE 1
LEVEL OF CONCERN ABOUT POPULATION AGE STRUCTURE:

Country	Size of working-age population	Ageing of population
Antigua and Barbuda		Major concern
The Bahamas	Minor concern	Major concern
Barbados	Minor concern	Major concern
Belize	Minor concern	Major concern
Cuba	Not a concern	Major concern
Dominica	Major concern	Major concern
Dominican Republic	Major concern	Major concern
Grenada	n.a.	Minor concern
Guyana	Major concern	Major concern
Haiti	n.a.	Minor concern
Jamaica	Minor concern	Major concern
Saint Kitts and Nevis	Minor concern	Minor concern
Saint Lucia	Minor concern	Major concern
Saint Vincent and the Grenadines	Major concern	Minor concern
Suriname	Not a concern	Minor concern
Trinidad and Tobago	Major concern	Major concern

Source: United Nations (2006a), Department of Economic and Social Affairs, Population Division: World Population Policies 2005, ST/ESA/SER.A/254, New York

Health and health care systems

To provide universal coverage, the countries of the English-speaking Caribbean have developed health care systems similar to those established in Great Britain government financed and administered by the Ministries of Health (CEPAL, 1995).

As a consequence, over the past decades Caribbean countries have generally experienced a comparably good health status, eliminating many of the basic health problems that are normally associated with the developing world, such as infectious and transmissible diseases. Nevertheless, over the past years there has been uncertainty about these relatively high health standards with increasing complaints about the deterioration in the quality of the services provided and the high costs of medication, coupled with the growing inability of health administrations to respond effectively to the changing needs of their users. One evidence of this is the strongly cure-oriented health-care framework that gives only limited attention to prevention. The importance of the latter will grow with the rising numbers of older persons and the increase of life-style related diseases that are beginning to also affect persons in younger age-groups. In order to keep costs down and at the same time maintain the accomplished favourable health status, education on healthy lifestyles and on ways to prevent lifestyle related diseases will need to become a critical factor in health care management and health-care provision.

Almost all countries in the Caribbean are in the process of designing and implementing comprehensive health sector reforms, but a culture of efficient management, effective planning and quality in the public services still needs to be adopted in some instances. Better integration of primary, secondary and tertiary levels of care as well as more effective enforcement mechanisms for health legislation and regulation need to be put in place. Such efforts would also help to stem the brain-drain

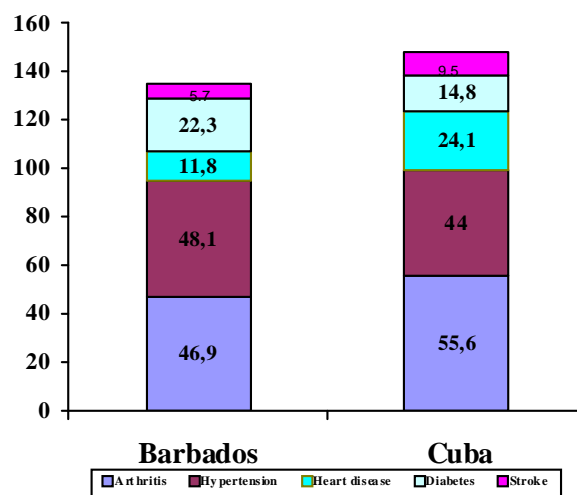
in the health sector to at least some extent, since lack of modern human resource management and inefficient planning mechanisms are one of the main push-factors cited by those who have left. Right now, most countries offer direct access to curative health-care services and prescription drugs to all legal residents, whereas home health-care, institutional long-term care and supportive services are provided largely by publicly subsidized non-governmental organisations (NGOs) or have to be procured from private health care providers.

Health and morbidity

In matters of health, the Caribbean tends to follow general global trends with the major causes of morbidity and mortality being diabetes and cardiovascular diseases, as a consequence of unhealthy diets, lack of physical activity and other lifestyle changes that negatively impact on health and quality of life. Though the impact of these illnesses on the quality of life in the Caribbean has not yet been thoroughly researched, the little data available suggest gender-differences in the effects of lifestyle-related diseases and disabilities with women being more severely affected than men²⁰².

Even less empirical information is available on the health and quality of life of the elderly in the Caribbean. Accurate data on these issues is highly desirable. The SABE survey (Salud, bienestar y envejecimiento/ Health, wellbeing and ageing), conducted by the Pan American Health Organisation (PAHO) in seven capitals of Latin American and Caribbean countries showed the prevalence of chronic conditions in persons aged 60 and older in Bridgetown and Havana (see figure 2).

FIGURE 2
CHRONIC CONDITIONS AGE 60 +



Source: SABE/2000 PAHO

Arthritis and hypertension were by large the most common illnesses, affecting wide ranges of older persons in the countries surveyed. Also the 2000 Population Census Round collected information on disabilities that can be used as proxi-indicators to assess the physical conditions of older persons. Gender-disparities were also manifest in these data since women were found to report more disabilities than men. Vision impairments are a major source of disability, particularly among older women who often also suffer from cataract and glaucoma.

²⁰² An earlier study by ECLAC (ECLAC 2004b) provides a more in-depth analysis of available research on health and quality of life in older life-years. Therefore this paper will only present the highlights of the major trends in health and ageing for the Caribbean identified in this study.

Even though availability of food seems to be abundant and overweight and obesity are turning into major health hazards, malnutrition and under-nutrition are still prevalent. Older persons in remote rural areas, as well as a growing number of men living alone often do not have access to balanced diets and sufficient calories and nutrients (ECLAC, 2004b).

Not much is known about mental disorders that also tend to be underreported in census enumerations for various reasons, such as inappropriate diagnosis, stigmatization and the extended perception of mental diseases as “part of the older age” or even understood as a bad character trait of an individual which also includes mental diseases such as Alzheimer’s and Parkinson’s disease.

Poverty

Most countries in the Caribbean are categorized as middle income countries that have successfully advanced social and human development over the past decades. This is evidenced in their historically high ranking at United Nations Development Programme (UNDP) Human Development Index, with Barbados taking the lead amongst Caribbean countries, most other countries ranking among the top 100 countries listed (UNDP, 2005). In spite of this success, the region faces serious challenges. Measured poverty is high and pockets of poverty and indigence determine the lives of many communities throughout the region. Over the past decades, the number of displaced persons, unemployed and out of school youth has increased and crime, violence and trafficking of drugs, guns and humans have risen. The use of illicit drugs and the spread of HIV/AIDS are difficult to contain. Also limited economic growth and natural disasters have hampered economic and social progress. Demographic ageing and the changing needs of ageing populations pose numerous challenges to the tight budgets and limited human resources of Caribbean Small Island Developing States (SIDS). Over the past years, cutbacks in the banana and sugar industry (see economic analysis), as well as losses in market-shares in the tourism industry after the terrorist attacks in the United States in 2001, have caused severe hardship for particularly the smaller non-resource-based Caribbean economies, exacerbating unemployment and affecting all segments of society.

In 1996 the World Bank (World Bank, 1996) estimated 38% of the total Caribbean population to be poor, with a wide variability within the region, ranging from 65% in Haiti to 5% in the Bahamas. More recent reports from the Caribbean Development Bank (CDB, 2002) estimate that 30% of the Caribbean population – more than seven million people – are living below the poverty line, with the highest concentration of poor persons in Guyana and Grenada, and the lowest concentration in Barbados and Jamaica. With the relatively high per capita income levels in the Caribbean, income distribution appears to be very unequal; the most uneven distribution was found in Saint Vincent and the Grenadines, Belize and Saint Lucia whereas there seem to be less discrepancies in Anguilla, Dominica and Jamaica. The average Gini index for countries with data available²⁰³ is approximately 46. Factors that perpetuate poverty are low economic growth, macroeconomic shocks and inappropriate policy responses, deficiencies in the labour market and deterioration of the quality of the public social services offered. Poverty in the Caribbean seems to affect all those without or with only limited access to the formal labour market and those without access to the present social security systems, as quite often is the case for older persons, female-headed households, unemployed youth and unskilled workers. At the household level, poor families throughout the Caribbean tend to have more children, are less educated and are quite often single-parent households headed by a female (ECLAC, 2003).

²⁰³ The Gini index measures the equality of income distribution in a society. In the perfectly egalitarian society, the Gini index would be 0, whereas it approaches 100 for less egalitarian societies. Income distribution data for the Caribbean are only available for the Dominican Republic (47.4/1998), Guyana (40.2/1993), Jamaica (37.9/2000), Saint Lucia (42.6/ 1995), and Trinidad and Tobago (40.3/1993).

As mentioned in earlier paragraphs, older persons are one of the most vulnerable groups in the region, since their income generation capacity is generally lower than in the case of younger age-groups (Paz, Guzmán, et. al., 2004).

The majority of older persons in the Caribbean are not covered by any governmental pension scheme or other kind of social welfare programme, and in many cases they rely on informal and quite often only sporadically provided means of support through children or grandchildren, who often belong to the same circle of informality.

Natural disasters in the Caribbean have also played a role in the perpetuation of poverty. An analysis carried out by ECLAC (ECLAC 2005b) in four Caribbean countries, the Cayman Islands, Grenada, Jamaica and Haiti over the period 1980 to 2004, shows that over 8,000 persons lost their lives, nearly six million persons were affected and US\$5.6 billion dollars in damages were sustained. The cost of the damage experienced is estimated to be at a level twice the total GDP for 2002 for the four countries combined and 92% (US\$5.2 billion) of this cost can be attributed primarily to the effects of Hurricane Ivan on the region in September 2004. The limited capacity of small states to repair and restore damage caused by natural disasters can bring harmful consequences, not only on the immediate quality of life of the affected populations, but also on their long-term development prospects.

Poverty has different dimensions, ranging from income poverty to lack of access to the necessary resources, such as education and health care to only name a few. The general profile of the poor in the region emanates from the various studies including the 2004 Millennium Development Goals Progress Report accounts:

- Low human capital base (i.e., level of education and skills), with lesser accessibility to secondary level schooling;
- Poor housing conditions with overcrowding;
- Relatively high use of pit latrines;
- Limited access to potable water;
- High incidence of poverty in female-headed households;
- High incidence of malnutrition among children in poor households;
- High levels of employment in informal sector (acting as a cushion for unemployment in the formal sector);
- Little correlation between growth in informal sector and significant economic growth at the individual or country level; and
- Limited or no coverage by social security and pension schemes.

An issue that should cause great concern, although only vaguely included as a concept in the debates and policies, is vulnerability. ECLAC has remarked that vulnerability represents the dynamic and interplay between susceptibility and resilience, and that the link becomes clear when considering issues such as weak social capital, sub-standard housing, living in disaster prone areas and the link to those who are most affected by natural or economic disasters. These groups are at great risk of becoming “instantly poor” in the event of a disaster and experience great difficulties to restore their former livelihoods. The example of the disastrous impact of hurricane Ivan on Grenada provides much evidence and support to this concept. While many of the factors associated with social vulnerability are also related to poverty, it should be noted that vulnerability and poverty are two independent but closely related concepts (UNDP, 2006).

Measuring poverty: Building statistical capacity and enhancing availability of data

To fulfill the pledges made at various global summits to eradicate poverty, relevant, timely and reliable statistics are indispensable for governments to set policies and to evaluate and monitor their implementation. Despite considerable improvements in national strategies and data collection systems in many parts of the Caribbean, the demand for basic timely and quality data on poverty and living conditions has generally still not been met.

In the last decade, many efforts have been undertaken to get a sound empirical basis on the status of poverty and deprivation in the region. National poverty reduction surveys have been and are currently conducted and poverty-related policies, programmes, strategies and plans have been developed. While various surveys are undertaken, this still seems to be a rather ad hoc approach that lacks sustainability and continuity without any means to monitor and measure changes and/or programme impact over time. The support of the UNDP, the United Kingdom Department for International Development (DFID) and the Caribbean Development Bank (CDB) has been crucial, but also governments have made important contributions with financial, technical and human resources. In addition, institutional mechanisms have been established mainly to address social development at the national level. In the case of Barbados and Saint Lucia, Ministries of Social Transformation were created. With support from the CDB and DFID, the World Bank and the European Union (EU), a number of poverty-specific mechanisms are being introduced, including Poverty Reduction Funds, Basic Needs Trust Funds and Social Investment Funds.

In an effort to replicate the MECOVI (Regional Program of Technical Assistance for Improving the Surveys of Living Conditions (ISLC/MECOVI)) Project in Latin America in the Caribbean a similar initiative, the Poverty Assessment and Reduction in the Caribbean (SPARC) project, has been launched by UNDP, the Caribbean Community (CARICOM) Secretariat, the Organisation of Eastern Caribbean States (OECS), the United Nations System, the Caribbean Development Bank (CDB), the Inter American Development Bank (IADB), the World Bank (WB), DFID, EU and the Canadian International Development Agency (CIDA). This project is a comprehensive package to support Caribbean countries to strengthen national and regional capacities to systematically collect, analyze and disseminate social data for poverty assessments, as well as critically inform social policy formulation at national levels. SPARC aims at national capacity-building for poverty assessments (such as Surveys of Living Conditions (SLCs) or Core Welfare Indicators Questionnaire (CWIQ surveys), set up monitoring and evaluation systems, disseminate data with advocacy effects, accomplish regional coordination, and develop a legislative framework for statistics and information (UNDP, 2006). In 2004, Saint Lucia undertook a pilot implementation of the CWIQ questionnaire and in 2005 a full survey was administered in Grenada to provide timely information at both the household and individual levels regarding the poverty situation after Hurricane Ivan struck the country in September 2004. A recent addition to strengthen household survey data collection mechanisms in the Caribbean is a project to be executed by the ECLAC Subregional Headquarters in the Caribbean.

To illustrate the existing gaps in the availability of data, five commonly used indicators to measure poverty were selected:

- *1 US \$ per day (PPP US\$)*: Population below income poverty line measured in PPP US\$;
- *Gini-Index*: Measures inequality over the entire distribution of income or consumption;
- *HDI* (Human Development Indicator) and *HPI* (Human Poverty Indicator) (UNDP): Two composite indices measuring achievements and the extent of deprivation in three dimensions: a long and healthy life, knowledge and standard of living;
- *Head-count index*: Percentage of the population living under the national poverty line.

In the case of the Caribbean, indicators which are based on administrative data (as, for example, economic and vital registration statistics), such as the HDI (composed of life expectancy, literacy and GDP) and the Gini-coefficient, seem to be more easily available than others that need to draw to a large extent on survey data. The most common measurement, the World Bank ‘One Dollar a Day’ indicator, seems to be the least available for the Caribbean, whereas UNDP’s HDI is obtainable for all independent countries. Since the HPI, the Gini-coefficient, the head-count-index and the ‘one-dollar a day’ indicator are based on specific surveys, they are only available for those countries, where such studies are conducted. However, even when data are available, they are at times based on incomplete vital statistics or non-representative surveys and are subject to enormous uncertainty. Lastly, even in the case of countries with data, only a few can provide coherent and consistent time-series for any of these indicators to monitor the evolution of a certain indicator over time.

TABLE 2
COMPARISON OF POVERTY MEASUREMENT INDICATORS

Country	HDI rank	HPI	Gini Coefficient	Population below poverty line (head count index)	% of population living below one US\$/day
Antigua and Barbuda	60		53		
Bahamas	50				
Barbados	30	5	39	13.9	
Belize	70	17	51	33.0	
Cuba	52	5			< 2
Dominica	68		49	39	
Dominican Republic	95	25	47		< 2
Grenada	93		45	32.1	
Guyana	107	15	45	35.0	< 2
Haiti	153	38			
Jamaica	86	11	38	16.8	< 2
Saint Kitts and Nevis	49		40	30.5	
Saint Lucia	76	8	43	25.1	
Saint Vincent and the Grenadines	87		56	37.5	
Suriname	86	11			
Trinidad and Tobago	57	9	30	21.2	12.4
Countries with data	100%	63%	75%	63%	31%

Source: UNDP, HDR 2003, 2005 and OECS, HDR, 2002, CDB Poverty assessments (various years), HDI: Human Development Index, HPI: Human Poverty Index (only calculated for developing countries)

Social Security

Right after independence in the 1960s and early 1970s, most countries introduced social security programmes, including the creation of pension laws that benefit workers in the formal sector and government employees. The oldest national social security system in this region was founded in Jamaica in 1966, while Saint Kitts and Nevis and Saint Vincent and the Grenadines only followed suit in 1987. Most of these schemes have remained practically unchanged, with only modest adjustments

such as increases in contribution rates and retirement age or adjustments to wage ceilings to maintain their viability in the future. In spite of the growing awareness that drastic demographic transformations are currently underway, a general overhaul and redesign of social security mechanisms does not seem to be on the agenda.²⁰⁴

All public social security schemes in the region are defined benefits PAYG (Pay-as-you-go) schemes, which are publicly managed and financed through government taxes, with the exception of some OECS countries, where employers and employees have to contribute. Fully funded (FF) schemes where individual investors can accumulate benefits for payout later in life are not available in the Caribbean. Due to the still rather young population and considerably small amount of benefits paid out, these PAYG schemes are presently rather solid, since only about two per cent of the national GDP is being spent on social security, a significantly lower rate than in other parts of the world. As a consequence over the years, these schemes have managed to accumulate healthy reserves equivalent to approximately 19 per cent of the total national GDP, with reserves amounting up to 30 per cent in some countries. This might be the one explanation for the fact that many governments do not see an immediate need for a thorough reform (ECLAC, 2005c,d).

Social protection systems in the Caribbean typically consist of three elements: (i) social insurance concerned with the provision of income security, (ii) means-tested social assistance designed to alleviate poverty, and (iii) categorical transfers directed at redistribution among specific groups. The benefits are granted as in-kind transfers, cash payments or through the provision of services. To address the needs of the fastest growing group of potentially vulnerable persons, the elderly, many countries have undertaken efforts to establish non-contributory pension schemes which provide a basic pension to those who are not within the outreach of formal schemes. However, the levels of such non-contributory pensions as well as that of most other social assistance are neither determined by national poverty lines nor by any other baseline and in almost all cases does not provide enough to afford a sustainable living for the recipients²⁰⁵. Therefore most beneficiaries depend on other sources of in kind or cash income either through own work, family or civil society, such as churches or other organizations. However reliance on family and relatives is becoming less and less an option with the socio-economic transformations that have begun to impact on the life-styles of peoples in the Caribbean. Out-migration of the younger generation, increasing full-time employment of females in the formal labour-market and rising costs of living, to only name a few, are making traditional self help, co-residence with family members and community togetherness no longer a viable option.

With regard to old age pensions, only about one third of all elderly in the Caribbean are receiving some form of government pension (ECLAC, 2004a) and most often, non-contributory schemes only reach a small number of the poor as a consequence of inaccessibility and insurmountable bureaucracy, lack of coordination with other social assistance programmes, insufficient funding and only limited general public awareness and knowledge of eligibility for such support.

Much experience and academic knowledge have been gathered in other parts of the world; however, a simple duplication of such models would not suffice the needs of the Caribbean countries that are characterized by their smallness, high risks for natural disasters and considerable socio-economic vulnerability and volatility to external shocks. The impact of Hurricane Ivan on the island of Grenada in 2004 is a clear illustration of this extreme vulnerability and volatility and the long-term impact natural disasters can have on the socio-economic development potential of an individual country and even of the entire region (ECLAC, 2005b).

²⁰⁴ Other documents, such as “Social security in the English-speaking Caribbean” (ECLAC, 2005c) and “Social security reforms and their implication for the Caribbean” ECLAC, 2005d) provide elements for the analysis of the present and future of social security schemes and pension systems in the Caribbean.

²⁰⁵ More details on present social security mechanisms in the Caribbean is presented in ECLAC, 2004a.

Financing social security

Publicly funded social protection schemes are only sustainable when the taxable labor-force is of reasonable size and appropriate tax-collection mechanisms are in place. On the other hand, contributory systems are putting a heavier burden on the individual and its employer. Right now both systems seem to be financially solid; however, the growing numbers of beneficiaries will challenge their financial sustainability. Also with an estimated half of the population working in the informal sector quite often at or below subsistence level, chances are they will never contribute but at various stages in their lives will need to draw on these support systems.

In order to enhance and sustain economic viability of social security systems in the Caribbean, given population ageing and other socio-economic challenges, there is a need to thoroughly overhaul their long-term financing mechanisms and transform these systems by combining three rationales: wage-contributions, tax-based financing and individual savings and retirement accounts. Given a history of free public basic health and social services, generally savings and investment rates are well below those in other parts of the world, simply because there was and still seems to be no perceived need for private initiatives. The financial survival of the present social security systems in the region is already in jeopardy due to the low economic growth, low saving rates and extremely low tax revenues because of pervasive tax evasion and weak job creation in the formal economy.

Economically active population

To get a better understanding of the present and future contributories, the workforce in the formal sector, labor-force participation rates and the percentage of the population in economically productive age-groups will be further discussed.

Labor force participation

Data on labor force participation for the present and recent past are available from the recently published Economic Survey of the Caribbean (ECLAC, 2006b). Labor force participation rates have been just under 70 per cent, ranging from 57.3 per cent in Belize to 68 per cent in Barbados.²⁰⁶ The trend in participation rates has been generally upwards with female participation being the dominant factor. According to the report, over the past few years females have been entering the labor force at a much higher rate than males, a fact that can be explained by higher educational attainment for women; improvements in household production technologies and the expansion of such activities in the economy (particularly in the service sector) which have been a traditional source for female employment; the decline in fertility and family size with a reduced need to stay home for extended periods of time to take care of small children; and finally the drive for financial independence as an expression of self-actualization. According to this source, a higher proportion of males are generally engaged in the labor force with rather constant participation rates since the 1970s. It needs to be emphasized that these figures only reflect participation in the formal labor market, and do not include the sizable informal sector which absorbs in some countries an estimated 50 per cent of the labor-force. The informal sector in the Caribbean is dominated by small agricultural entrepreneurship, related family-scale food production and street vending, thus limited in its productivity and income earning capacity and mainly dedicated to make a subsistence living for one self and other family members.

Population aged 15 – 64

Since very little data and no time-series on labor force and labor force participation for Caribbean countries are available, the size of the population aged 15 – 64 will be used as a proxy-

²⁰⁶ There are no time-series on labor-force participation by age and sex available for the Caribbean. Thus the population in economically active age-years will be used as a proxy-indicator.

indicator for the potential workforce over time. With the process of demographic ageing rapidly advancing and transforming former rather young populations into ageing societies, almost all Caribbean countries are now positioned at the so called ‘demographic window of opportunity’, which describes a situation where a country has the largest potential workforce ever in history with already dwindling younger age-groups (due to the decline in fertility rates) and now still small, but rather rapidly growing older population segments. Barbados, Cuba, the Netherlands Antilles, Puerto Rico, Trinidad and Tobago and the United States Virgin Islands find themselves with more than two thirds of their populations in the age-groups 15 – 64 years and almost all other Caribbean countries are expected to reach similar levels within the next decade, with the exception of Belize, the Dominican Republic, Guyana, Suriname and Haiti, countries still at the very onset of their demographic transition.

Contributions to the social security and social protection mechanisms in the Caribbean could be also sourced from returning retirees who had migrated earlier in their lives to spend their economically active years abroad. To provide investment opportunities for those who plan to come back could be a new avenue in social security planning since many migrants would possibly invest in the region, given lucrative and attractive opportunities. Return migrants should not only be considered as contributors to the national welfare schemes, their readiness and willingness to spend could also provide a boost to national economies. Many bring back their savings and continue to receive pensions and social security payments from abroad for extended periods of time (Thomas-Hope, 2001). So far only a few countries seem to undertake efforts to benefit from return migration of retirees. One such example is the ‘Returning Residents’ Programme’ in Jamaica that recognizes return migrants as a source of investment and assists returning Jamaicans with investment counselling and other services. More could be done by other countries to provide attractive incentives for those who plan to come back and to also channel remittance flows into more sustainable and long-term investments for the remitter as well as for his or her family.

Social security and old age

Labour force participation at age 60 and over

Another indicator to assess the efficiency of existing social protection mechanisms particularly in old age is the labor force participation rate of persons aged 60 years and over. With regard to the elderly, but also to women with little formal qualification, it can be assumed that overall labor force participation rates are considerably higher than reflected in the official statistics. As indicated earlier, the large, but rather unproductive and self-sustaining informal sector that characterizes the region seems to provide a living for those who lack access to the formal economy.

Generally labor-force participation is higher for men than for women in all age-groups and this is also true for the Caribbean. In Belize (60%), the Dominican Republic (63%), Haiti (74%) more than two thirds of men over age 60 are engaged in the formal labor market, whereas only a much smaller share of older women seem to be formally employed. The largest share of female labor over age 60 is found in Jamaica, Haiti and Barbados, with more than a quarter of older women formally employed. There are two potential ways to understand these data: either there is only a limited demand for further employment or there are only very few jobs available for older women in the formal labor market. Based on what has already been said on the structure of the labor market and the gender disparities, it can be assumed that the second explanation applies and therefore more women need to seek their fortune outside the formal system.

Given the deficient and unequal conditions of income security in old age and the failures in the social protection schemes, own work (see above) and family support that can range from direct monetary assistance to personal care and co-residence are for many elderly the only way to sustain a living. While there is no data on co-residence for the Caribbean, it can be assumed that this type of living arrangement is as common in the Caribbean as it is in Latin America, where over 70% of older persons live in multigenerational households, mostly within the household of a son or a daughter. In the entire Latin

America and Caribbean region institution living is rather limited and only an estimated 10% of older persons live in one-person-households (25% in developed countries) (ECLAC, 2006a). Multigenerational co-residence can benefit both sides, while older persons support their families with household chores and childcare and also contribute to the household's income; it helps avoid loneliness and social exclusion for the elderly. However, it is also a fact that co-residence does not always prevent loneliness and isolation and that independent living next to family and kin can also provide as much social interaction as needed while maintaining the necessary independence of both parties.

Caribbean governments are gradually undertaking efforts to address old age economic security in all social welfare schemes and poverty eradication programmes. Generally this support is provided in the overall social security and social protection framework, but also through pensions and housing assistance. Quite often NGOs receive government support to provide food assistance and other basic services to the elderly in need. While most of these programmes are geared towards all age-groups in need, increasingly older persons have become the main beneficiaries. For example, in Guyana the introduction of the "Food for the Poor Incorporated" programme includes older persons in difficult economic circumstances, and in Saint Lucia, the Poverty Reduction Fund is targeting older persons. In Trinidad and Tobago, the Ministry of Housing hosts two programmes for home improvement targeted to the more vulnerable population. Although they are not age specific programmes, they have been mostly accessed by older persons. Further, the Ministry of Social Development in Trinidad and Tobago sponsors 'Meals on Wheels' to provide healthy nutrition and is also in the process of establishing countrywide 'Senior Centres' to address social exclusion and loneliness.

Housing conditions of older persons vary from country to country and also within countries. Many older persons in the region own their homes but a vast proportion, particularly in Haiti, live in sub-standard housing (HelpAge International, 2002). Numerous such homes are in a state of disrepair, especially in rural areas, where running water and toilet facilities are often not available. Guaranteeing decent housing conditions and sustainable living arrangements for the growing number of older persons needs to be at the centre of any social protection mechanism.

Gender and social security

Economic security over the life course and the capacity to save are closely connected with gender. A woman's economic security is highly determined by her attained level of formal education and her involvement in the formal labour-market. As mentioned earlier the region is characterized by a high percentage of female headed households where women have to combine wage earning with their household responsibilities and thus experience greater time and mobility constraints than male household heads. This quite often leaves no other option to those with limited formal education but to work from home in small agriculture, food production and street vending.

Female-headed households are a growing trend in the region, another reason to consider gender as an important attribute to comprehend the situation of older persons in the Caribbean. According to official statistics from the CARICOM, an estimated 22 to 44 per cent of all women in CARICOM member countries are heads of households. Early sexual initiation, unstable partnerships and pregnancies in young years tend to be the main determinants for this living arrangement. Also analysis of census data on fertility and marital status points into a similar direction as it indicates that up to 75 per cent of Caribbean women under the age of 25 are having their first child prior to the formation of a residential union (Stuart, 1996). Women are the main care provider for both children and the elderly, and in many cases fully responsible for the economic security of their dependants. A woman's role as head of household, domestic unpaid worker or worker in the informal economy does not create monetary revenues and even when this happens, this income is not within the parameters of the formal labour market and thus does not feed into the formal social security machinery. High rates of unemployment, lack of access to stable and secure jobs, limited education, high levels of poverty and unequal opportunities presented in a woman's earlier years can undermine her present and future

financial security. This leads to the conclusion that gender specific structural constraints and opportunities directly impact on present and future opportunities.

Contrary to the fact that women in the Caribbean tend to outperform males in the formal education system, labour-market statistics show that unemployment rates for women in the Caribbean over the age of 15 exceed the rate of men in the entire region; in some countries it is even twice as high. Further, unemployment rates for men have generally decreased between 1980 and 2000, while the employment situation for women has worsened in four out of the nine countries presented in Table 3 (Caribbean Community Secretariat, 2003).

TABLE 3
UNEMPLOYMENT RATE FOR THE POPULATION AGED 15 YEARS AND OLDER

Country	1980		1990		Latest year after 1995	
	Women	Men	Women	Men	Women	Men
Antigua and Barbuda	...	...	6	7	...	...
The Bahamas	16	10	8	8	10	6 ^a
Barbados	14	8	20	10 ^a	12	7 ^a
Belize	5	5	15	8 ^{a b}	20	9 ^a
Dominica	22	16	9	10	19	13
Grenada	19	16	12	14	21	11
Guyana	20	15	18	8 ^a	...	...
Jamaica	16	10	23	9 ^b	23	10 ^a
Montserrat	16	11	5	7	...	...
Saint Kitts and Nevis	13	9	5	5	...	...
Saint Lucia	20	16	22	12 ^a	20	16 ^a
Saint Vincent and the Grenadines	28	26	21	18	...	...
Suriname	...	...	19	11	14	8
Trinidad and Tobago	10	8	22 ^a	22	19	12

Source: Caribbean Community Secretariat, 2003. Calculated based on data compiled by the CARICOM Secretariat from (i) 1980-1981 *Population and Housing Census of the Commonwealth Caribbean-National Reports*, (ii) 1990-1991 *Population and Housing Census of the Commonwealth Caribbean-Volume of Basic Tables for Sixteen CARICOM Countries*, Regional Census Office, Trinidad and Tobago; (iii) National labour force survey reports; (iv) data submitted to CARICOM by Member States; and (v) *Key Indicators of the Labour Market 2001-2002*, KILM 8. International Labour Office, Geneva: 2002.

^a Compiled from KILM 8. International Labour Office, Geneva: 2002.

^b Pertains to labour force aged 16-64 years.

The most recent survey data published in the Economic Survey (ECLAC, 2006a) conducted by ECLAC, seem to point at rising employment rates for women over the past few years. However, it can be assumed that along with the economic transformation, more qualified women seem to be successful in the formal economy whereas those with limited skills still find it difficult to gain formal employment. It is not surprising therefore that growing numbers of unskilled or semi-skilled women seek a living in the unprotected informal sector without any possibility of contributing to any social security and/or pension plan at present or in the future.

A comparison between male and female long-term (over one year) unemployment rates shows that a larger percentage of women (5 – 9 per cent) than men (2 – 3 per cent) had been out of work for more than a year (table 4 below) (CARICOM Secretariat, 2003).

TABLE 4
WOMEN AND MEN LONG-TERM UNEMPLOYMENT RATES IN THE CARIBBEAN

Country	Long-term unemployment* as percentage of the labour force				Long-term unemployment* as percentage of the total unemployment			
	1991/1993		1997/1999		1991/1993		1997/1999	
	Women	Men	Women	Men	Women	Men	Women	Men
The Bahamas	5	3	4	2	40	23	44	28
Barbados	9	3	3	1	35	15	23	12
Belize	7	2	13	4	52	31	66	43
Dominica	...	...	13	8	...	...	49	39
Jamaica	6	2	7	2	28	21	30	18
Trinidad and Tobago	9	3	7	2	49	23	42	20

Source: Caribbean Community Secretariat, 2003. Compiled from *Key Indicators of the Labour Market 2001-2002*, KILM 8. International Labour Office, Geneva: 2002.

* Long-term unemployment is defined as continued period of unemployment extending for one year or longer.

As a consequence of exclusion from the formal labour-market and given the socio-economic positions mentioned earlier, many women and particularly older women are often confronted with lifelong exclusion from the formal economy and consequently find themselves excluded from formal pension schemes causing continued dependency on government hand-outs and other forms of quite often unreliable support from family, friends and informal support groups. From a gender perspective, contributory pension systems at present tend to work in favour of men and even if women succeed in accessing the formal sector, they earn on average far less than men, with consequently smaller pension fund contributions and lower pension payouts.

The following provides an overview of how present pension and protection mechanisms disadvantage women over men (ECLAC, 2004c):

- Pension systems are based on the prototype of a male employee in the formal sector with a steady and possibly well paying job.
- Pension systems reproduce the gender disparities of the formal labour market.
- Pension schemes exclude women dedicated to reproductive work, with the consequence that almost 50 per cent of all women have no access to pensions. Widows' pensions that could function as a mechanism to provide some income to women without own pensions do not exist in the Caribbean.

This analysis shows clearly that a system that excludes almost 50 per cent of a country's population needs to be reformed. In the long-term, only the enhancement of labour market conditions

for women, reliable and affordable childcare, and support for small and medium enterprises and even opportunities for those in the informal sector to establish some form of old age security would help to improve the lot of a large proportion of marginalized and excluded women in this region.

Summary and conclusions

Summary

While population ageing is already well underway, the majority of Caribbean countries now have reached a unique stage in this transition process, with the largest percentage of their populations belonging to the economically active age-groups between 15 and 64 years of age. This presents a unique chance for the region to undertake thorough reforms in the health and social services sector and to urgently address the needs of national and regional labor-markets with regard to supply and demand of labor. Further, globalization and IT connectivity allow for international cooperation and collaboration across time-zones and distances. If adequate work or qualified workers can not be found in the region, either labor has to move or services from other continents need to be solicited. While countries are negatively affected by the brain-drain, new avenues of benefiting from out-migration need to be identified. Skilled migrants could constitute knowledgeable business partners abroad to establish businesses with, and even discover areas of common interest that could provide incentives for those who are returning. Examples of such initiatives could be the development of health tourism, eco-tourism and other economic niches that could provide an alternative to the present rather undiversified economic conditions.

The present analysis has shown that the demographic transition is well on its way in the Caribbean. However, while almost all countries seem to recognize these dramatic changes, this awareness has not yet been translated into a comprehensive reform of the health-care and social protection systems. Other concerns such as considerable economic vulnerability and unstable growth, high unemployment, low productivity and the dependency on a rather narrow range of goods and services in most cases, quite often dominate most national development agendas. The brief analysis of the health conditions as well as the health-care situation has demonstrated that in matters of health the region seems to follow global trends with lifestyle related diseases on the rise. In spite of the fact that Caribbean countries score high on various development indicators, poverty in the region has not yet been eradicated. While many do well, particularly vulnerable groups such as single mothers and their children, low skilled unemployed and many elderly struggle to make ends meet. Various dimensions of poverty are manifest in the region; very little empirical data are available to assess levels of poverty and also to monitor the impact of existing programmes on the ground. The provision of free social and health care protection in the Caribbean has been instituted with independence. While these PAYG schemes are designed to provide social assistance in cash and in kind, they lack a development perspective. Social protection schemes in the region seem to be generally in good shape thanks to the fact that contributions seem to be reasonable and only limited out-payments are made at present. With regard to pension schemes, the majority of older persons do not seem to be covered by such funds, even in countries where some form of non-contributory systems exist. This is quite often caused by limited knowledge and accessibility and often insurmountable bureaucratic hurdles.

This brief study has shown that all aspects of social protection and social development need to integrate a gender perspective. This begins with the fact that women outlive men, but older men seem to be generally healthier than older women. It continues with differences in achievements in formal education, access to labour-markets and family responsibilities. Exclusion from the formal labour-market and the unavailability of widow's pensions limit women's chances to access formal protection mechanisms.

Conclusions

On a general note the present analysis has shown that demographic factors, such as age, gender and education along with the consequences of the epidemiological transition for the health sector need to be substantive components of any mid- and long-term socio-economic development planning and programming.

Health care services

- With regard to health and health-care services, there is a need to change from a curative to a preventative approach. The promotion of healthy lifestyles early in life is critical to avoid lifestyle related diseases later;
- Further, in an effort to retain qualified health care workers to respond efficiently, effectively and timely to the new demands of the epidemiological transitions, a thorough overhaul of management and human resources planning is absolutely critical.

Poverty and social security

- The region is in desperate need of social and timely data that assesses various dimensions of poverty;
- While efforts are undertaken to address poverty, there is a need for continued monitoring and evaluation of such programs;
- Institutional mechanisms need to be strengthened to coordinate policies with and among various government bodies;
- Since most programmes are tax-based, tax collection mechanisms need to be strengthened to ensure long-term viability of these systems;
- Employment should no longer be seen as the only mechanism for access to social protection;
- There is a need to establish contributory schemes for labour in the informal sector;
- In order to secure support to the most destitute, non-contributory financing needs to be increased by boosting tax collections and reallocation of expenditures;
- Clear policies need to be put in place to guide the coordination of health care and social services provisions;
- To strengthen social protection mechanisms, social welfare schemes should be built on three pillars: tax-based, contributory and individually funded systems – a solidarity mechanism that would allow disconnection of access to services from actual contributions made;
- Migration seems to deprive the region of its skilled, however many migrants either send remittances or return with considerable financial assets. While the fact that remittances are personal assets needs to be recognized, incentives could be provided for mid- and long-term investments of such resources.

To conclude, while Caribbean countries seem to be facing almost insurmountable challenges, various windows of opportunities are opening. The first and most important is the rather favourable demographic situation with the historically largest labour force and the smallest percentage of beneficiaries. Secondly, globalisation and the need to restructure Caribbean economies provide room for new avenues to diversify the economy, form ideas to cater to health tourism and identify niches for sustainable agriculture, to only name a few.

Partnerships with the Diaspora might offer new business ideas and could possibly provide more investment incentives within and for the region. It is now up to Caribbean leaders to actively pursue these and other windows of opportunities to ensure a prosperous future for the region.

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Preparedness for rain during sunny weather: Caribbean environmental sustainability in a nuclear age

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Abstract

Environmental sustainability ranks high on the list of priorities for the Caribbean region. Given the exponential growth and increased visibility of the nuclear power industry, how are Caribbean policy makers situated in the current framework of nuclear transport and environmental protection? This paper surveys nuclear related activities that point to increased nuclear traffic through the Caribbean and critiques on how Caribbean policy makers and scholars are implicated in the projected increase in nuclear transport and the attendant potential of nuclear accidents. Caribbean national governments, nongovernmental organizations, and local collectives must place the ability to maintain quality-of-life existence that is valued by citizens as crucial parts of their overall agendas. The fact that no major nuclear accidents have occurred in the region should not negate preparation for one. Caribbean states, which have historically been at the forefront of nuclear non proliferation policies, must take the initiative and began instituting policies for disaster preparedness and the environmental degradation that would result from a disaster. How well prepared are Caribbean countries to respond to nuclear accidents? Does the region have sufficient energy resources and an effective disaster plan that they could rely on in the event of such an accident? How can the Caribbean sustain its fragile ecological sea life if a nuclear transport vessel pulls up lame in one of its ports for repairs and begins to seep radioactive material? And, what indirect effect does this threat have on the sustainability of the vibrant and healthy cultures that exist in the region? Every country in the region must consider these questions. Discussion on how to answer pressing questions on the environment and how to prevent and/or monitor nuclear materials transport should be a priority along with other economic, cultural, and political concerns. Threats to environmental stability, such as unregulated and frequent transport of radioactive and toxic materials challenge the region's ability to maintain, for example, ecologically safe fishing waters and the brisk tourist trade that depends not only on clean fishing waters but also on the perception of overall environmental health. This paper by surveying nuclear materials transport and related activities that point to increased nuclear traffic through the Caribbean offers recommendations and policy proposals on real and potential threats to environmental sustainability, as well as, threats to Caribbean national security.

Introduction

The economic stability of the Caribbean region relies on its perceived image as a pristine tourist destination. Worst-case scenarios that threaten this image are usually far from the mind of tourists seeking this environment and the Caribbean people who reap the economic and social benefits not only from tourism but also from fishing. Policy makers, on the other hand, know that political instability, increased crime, and problematic economic policies can be detrimental to that stability, and they attempt to prevent a disruption by instituting effective policies. Environmental policies are of course a priority for the preservation of a livable sustainable environmental future for the Caribbean region.²⁰⁷ Caribbean leaders and policy makers have instituted policies to respond to the more common environmental concerns, such as the need for biodiversity conservation, the prevention of cruise ship pollution, and the elimination of pesticide overuse. The Caribbean region also must address the threat to their environment posed by the increased transport of nuclear materials through the region as a result of the worldwide growth of the nuclear power industry. Although there has not been a major nuclear-related accident in the region to elevate it to the status of widespread political and public concern, Caribbean national governments, international organizations, nongovernmental organizations (NGOs), scholars, and local collectives must protect the region from the threats posed by nuclear materials by doing research and enacting policies to prevent and/or respond to nuclear accidents.

The potential transport of nuclear and hazardous waste materials through the Caribbean region threaten not only environmental sustainability but also national and economic security. One strategy would be to follow the lead of other nations who are developing policies and actions that integrate nuclear materials risk assessment and decision making into environmental resource planning. Another strategy would be for actors, such as the Caribbean Community (CARICOM) and the Agency for the Prohibition of Nuclear Weapons in Latin America and the Caribbean (OPANAL) to sustain the criticism of nuclear transport that they have raised in the past.²⁰⁸ For the Caribbean region, specifically, severe sea conditions and terrorist hijackings are major risks from the transport of radioactive and toxic material in the region. The fundamental problem facing Caribbean decision makers is how to establish a system of protection with the cooperation of radioactive material shippers and those who oppose protections. Although cooperation is ideal, action can still be taken without the cooperation of all the players. One important area of consideration for the Caribbean states, especially the small island developing states (SIDS), is how to ensure that larger countries such as the United States and France respond to their risk assessment concerns. Caribbean states must take the initiative and begin preparation for environmental degradation and disaster response, not just from natural disasters like hurricanes and floods, but radioactive waste from a damaged transport ship as well, as a means to secure a sustainable environment. Threats to environmental stability, such as unregulated and frequent, or even infrequent, transport of radioactive and toxic materials challenge the region's ability to maintain, for example, ecologically safe fishing waters and the brisk tourist trade that

²⁰⁷ For instance forty percent of the population resides within 2 kilometers (1.242 miles) of the coast, and tourism represents about one-third of the GDP of the Caribbean region. Also, the WRI's Reefs at Risk Threat Index applied to the 10,000 square miles of Caribbean Coral reefs found that the reefs provide goods and services with an annual economic value in 2000 between \$3.1 billion and \$4.6 billion from fisheries, dive tourism, and shoreline protection services. In Lauretta Burke and Jon Maidens, *Reefs at Risk in the Caribbean*, Washington, D. C. World Resources Institute, 2004.

²⁰⁸ For example, OPANAL in "OPANAL, Joint Declaration on the Transport of Radioactive Waste" reiterated their concern for the risks that are represented by the transit of highly radioactive wastes to health and lives of the inhabitants and to the preservation of the marine and terrestrial environment in the region. Mexico, D. F., February 5, 1998. CARICOM in a press release on July 17, 1999 entitled "Statement by CARICOM Heads of Government of the Shipment of Nuclear Waste Through the Caribbean Sea" restated a concern voiced four months earlier at their Tenth Inter-Sessional Meeting in Suriname that expressed their opposition and that of the Caribbean people to the persistent misuse of the Caribbean Sea for the transshipment of highly toxic nuclear material. In addition, Forty-six SIDS met on February 3, 2004 and issued a statement opposing transportation of radioactive materials through the Caribbean region. Members expressed a growing concern with security and environmental implications, in addition to a lack of adequate liability and compensation. www.barbadosadvocate.com, February 3, 2004.

depends not only on clean fishing waters but also on the perception of overall environmental health. As the emphasis on nuclear power has increased in the 21st century, research and policies that will protect the region from potentially catastrophic damage must be developed.

Nuclear materials in a nuclear weapons free zone

In order to preserve the ecological environment of the Caribbean, political and environmental actors must focus on the transport of nuclear materials and the potential proliferation of these shipments through Caribbean Sea shipping lanes. Sophisticated technology, information transfer, and the desire for nuclear weapons capacity have increased the ability and desire to procure nuclear ingredients and technology on the open market along with its attendant weapons possibilities. In addition, as the desire for independent forms of energy to lessen oil dependency increases, there is the possibility that nuclear power will be a more favorable energy option for any country that can afford to. The transport of these materials is often done by ships that travel by often undetectable routes and schedules, but enough is known about transport from port of origin or routes based on destination to prevent them or, at a minimum, insure they are as well-guarded and as safe as possible.²⁰⁹ This means that the Caribbean region must intensify the type of leadership the region has historically shown in advocating and creating the first Nuclear Weapons Free Zone (NWFZ) in 1967.²¹⁰ Caribbean leaders could, for example, pressure for strict enforcement of 1982 *United Nations Law of the Sea Convention*, which lists lack of environmental impact assessments and a lack of prior consultation with en route countries as shipping violations.²¹¹ Caribbean leaders can point to Article 24 of the *United Nations Law of the Sea Convention*, which states that the coastal state shall give appropriate publicity to any danger to navigation within its territorial waters, but lack of prior consultation with shippers on schedules, cargoes, and routes of nuclear materials transports would prevent leaders in Caribbean states from properly enforcing Article 24.

Although Caribbean countries are not believed to be interested in acquiring nuclear capabilities, it is still a region that could experience as much damage as any other part of the world that possesses nuclear power or desires nuclear power. With thefts of nuclear grade materials becoming an option for criminals and terrorists the Caribbean could become a middle ground for illegal heists and smugglers. How well prepared is the Caribbean to respond to this possibility and to nuclear accidents? Does the region have sufficient energy resources and an effective disaster plan that they could rely on in the event of such an accident? How can the Caribbean sustain its fragile ecological sea life if a nuclear transport

²⁰⁹ Greenpeace, for example, has monitored nuclear waste shipments through the Caribbean by Japan and France.

²¹⁰ Countries in the Caribbean/Latin American region created the first Nuclear Weapons Free Zone (NWFZ) in the world with the Treaty of Tlatelolco in 1967. The four NWFZs that have been created since 1967 are the Treaty of Rarotonga in 1985, which covers the South Pacific, the Treaty of Bangkok in 1996, which covers Southeast Asia, the Treaty of Pelindaba in 1997, which covers Africa, and the Central Asia NWFZ (CANWFZ) in 2006. The Treaty creating CANWFZ includes Kazakhstan, Krygyzstan, Tajikistan, Turkmenistan, and Uzbekistan, all states that previously had nuclear weapons on their soil. These states are also surrounded by nuclear armed Russia, China, Pakistan, India, and Israel. Caribbean policy makers, OPANAL, etc. could examine this Treaty because it not only includes a requirement to meet international standards for the physical protection of nuclear materials, but in recognition of the environmental damage done by Russia's nuclear weapons program pledges to support environmental rehabilitation. See Scott Parrish and William Potter's research report on CANWFZ for the Center for Nonproliferation Studies at the Monterey Institute for International Studies. September 5, 2006.

²¹¹ Article 23 of the *United Nations Convention on the Law of the Sea* (done at Montego Bay, Jamaica on December 10, 1982 and entered into force on November 16, 1994) states that ships carrying nuclear and other inherently dangerous or noxious substances when exercising the right of innocent passage through the territorial sea (innocent passage includes territorial waters twelve miles from a country's coastline), carry documents and observe special precautionary measures established by international agreements. A lack of international agreements leads some observers, such as, Marco Roscini, to highlight Article 23, which he states as explicitly acknowledging the right of 'innocent' passage through the territorial sea to nuclear vessels, in order to criticize coastal states that forbid the passage of ships carrying radioactive materials as being prejudicial to their navigational rights. In "The Navigational Rights of Nuclear Ships," *Leiden Journal of International Law*, v. 15, n. 1, 2002. pp. 251-265.

vessel pulls up lame in one of its ports for repairs? Every country in the region must consider these questions. Because the Caribbean is a transport area for shipments of radioactive waste, while at the same time is an active player in the movement towards a nuclear free world, discussions on how to answer pressing questions about how to prevent the transport of nuclear materials should be included along with other economic, cultural, and political concerns.

The Treaty of Tlatelolco (1967), by which the NWFZ was established in April 1969 in the Latin America/Caribbean region, determined that nuclear weapons constitute a threat to humanity, and this determination was reaffirmed by a conference of signatories of the Treaty that was held in April 2005 in Tlatelolco, Mexico.²¹² Since no public announcements have emerged stating that the transport of nuclear materials will be regulated, discontinued or rerouted, it is not clear whether or not nuclear weapons grade materials fits into the meaning of the Treaty. Consider that the British-owned ship, the *Pacific Swan*, traveled the Caribbean in January 1998 with sixty high-high-level nuclear waste (HLW) canisters. In March 1999 the *Pacific Swan* made a similar trip through the Mona Passage, located between Puerto Rico and the Dominican Republic carrying forty HLW canisters. The *Pacific Swan* made another notable voyage in December 1999 through the Caribbean hauling 104 containers of vitrified HLW, which is considered the most radioactive material ever produced.²¹³ Another British vessel, the *Pacific Sandpiper*, carried nuclear fuel through the region twice in 2004 and once in 2006.²¹⁴ To further illustrate the continued use of the region as a transport route, the twelfth shipment of radioactive waste left Cherbourg, France on the *Pacific Sandpiper* bound for Japan on February 8, 2007 via the Panama Canal.²¹⁵ The transport of, for example, HLW through the region shows that nuclear materials being transported can be used not only for nuclear energy, but also for nuclear weaponry development. Since this presence of the nuclear weapons materials could be an indirect, if not direct, violation of NWFZ, the Treaty of Tlatelolco should be able to respond to this situation because of their positions on a nuclear weapons ban. The Treaty does not specifically ban nuclear power, but the materials transported through the region may not be exclusively for nuclear power.²¹⁶

A reinterpretation and restructuring of the NWFZ agreements could establish whether or not nuclear materials transport falls within the parameters of the Treaty, and could even offer a categorization of different nuclear materials. This can be a difficult proposition considering views of observers, such as Matthew Bunn and Anthony Wier who note in 2006s' "Securing the Bomb" that,

Efforts to negotiate an effective global standard in a treaty have not succeeded in the past, and are not likely to succeed in the near-term future, as such negotiations inevitably become bogged down by country representatives who see little urgency for action and considerable potential for added costs and unwanted intrusion for the organizations they represent.²¹⁷

Despite observations such as this, Caribbean leaders and delegates to NWFZ meetings must find that adjustment and/or reinterpretation is important because of the numerous indications that nuclear traffic is going to increase substantially through the Caribbean during this decade and beyond.

²¹² At the Conference of States Parties and Signatories of Treaties that establish NWFZs held in Tlatelolco, Mexico of April 26-28, 2005 a declaration was adopted that reaffirmed that nuclear weapons constitute a threat to all humanity while stressing the importance of the peaceful uses of nuclear energy.

²¹³ "Nuclear Shipments and Small Island Developing States (SIDS)." Greenpeace Briefing, January 2005, p. 6.

²¹⁴ "Case: Radioactive Contamination Risk in Panama: Republic of Panama."

http://www.boell-latinoamerica.org/download_en/ING_CasoCanaldePanama.pdf.

²¹⁵ Areva Press Release. February 9, 2007. Areva designs and constructs nuclear power plants, as well as, being a supplier of fuel.

²¹⁶ The Cartagena Convention (1986) and the Protocols emerging from the Convention are legal instruments for Caribbean countries to deal with oil spills and environmental pollution. In addition the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal was adopted in 1989, enforced in May 1992, and by September of 2005, had 165 states and the European Community were Parties to the Convention. The purpose of this Convention is to control and reduce transboundary movements of particular types of wastes. Both of these are examples of areas where policies have the possibility of being adjusted to deal with nuclear waste transports. One example of a policy paper from a Basel Convention consultative meeting is the Obsolete Pesticides Management in the Caribbean held in Trinidad Tobago in March 2006, which was attended by industries involved in the use of pesticides.

²¹⁷ Bunn, Matthew and Anthony Wier. "Securing the Bomb." Cambridge, Massachusetts and Washington, D. C. Project on Managing the Atom, Harvard University and Nuclear Threat Initiative. July 2006. p.3.

These indications include, for example, Japan's increasing demand for nuclear capabilities and the United States' move to provide India with technology to improve their nuclear power. In addition the United States initiative to host a Global Nuclear Energy Partnership (GNEP) that will see spent nuclear fuel reprocessed and used to expand the use of nuclear energy on an international basis presents another potential nuclear concern for the Caribbean region.²¹⁸ According to a release by the U. S. Department of Energy, GNEP is based on the principle that energy and security go hand in hand and that GNEP will develop and demonstrate new proliferation resistant technologies to recycle nuclear fuel and reduce waste.²¹⁹ In regards to transportation, GNEP would lease fuel to countries, such as France, Japan and Great Britain, and they would return the spent fuel for reprocessing. There is no guarantee that any of this fuel will ply the waters of the Caribbean, but the Caribbean's close proximity to the United States indicates that the region must prepare for that possibility. The GNEP could make it at least tempting for countries and individuals to overlook the dangers and accept large payments for port or territorial transport access. In fact, the millions of dollars invested in the nuclear industry is likely to be the most difficult obstacle regulators and policy makers (in the Caribbean specifically, but internationally generally) will encounter. For example, the Bush Administration requested for the FY2008 a budget request of \$801.7 million for the United States Department of Energy's nuclear energy research and development and infrastructure, and the United States House of Representatives Appropriations Committee recommended a total funding level of \$835.2 million for nuclear energy, and the United States Senate Appropriations Committee recommended \$795.5 million for nuclear energy.²²⁰

The primary reason that increased nuclear traffic through the Caribbean will increase with active GNEP operations is rooted in the fact that the United States government has historically given permission for numerous usages of the Caribbean for nuclear material transport. For example, Southern California Edison was given permission in December 2003 by the U. S. Department of Transportation to relocate a 668 ton Reactor Pressure Vessel (RPV) Package Transport System from the San Onofre Nuclear Generating Station Unit 1 in California to the Chem-Nuclear Systems low level radioactive waste burial site in Barnwell, South Carolina.²²¹ Edison was to transport part of the shipment through the Caribbean passing by numerous countries that are signatories to the NFWZ agreement. This San Onofre transport is a clear example of how the Treaty of Tlatelolco, although signed and ratified by all thirty-three states in the region, does not address at least one problem, and that is the exact prohibition against shipments of nuclear materials. While there is no mention of nuclear waste in particular in the Treaty, nuclear waste definitely fits into the broad category of harmful substances that if accidentally discharged will prove to be environmentally and economically disastrous for the region. The administrative arm of the Treaty of Tlatelolco, OPANAL has issued official statements, like one from February 1998, which dealt with the risks associated with France's transport of radioactive waste to Japan through the Caribbean and the Panama Canal.²²² The United States position on this, however, is contrary to OPANAL's. For example, at the ratification of the

²¹⁸ The Global Nuclear Energy Project (GNEP), which was launched in early 2006 and implemented through the Department of Energy, is officially intended to expand the use of nuclear energy to address growing demands for energy. In addition, GNEP's focus on spent fuel reprocessing has drawn criticism as being a vehicle that will be a weapons proliferation risk. See Union of Concerned Scientists. *U. S. Nuclear Fuel Reprocessing Initiative*. http://www.ucsusa.org/global_security/nuclear_terrorism/US_Nuclear_Fuel_Reprocessing_Initiative.html

²¹⁹ "The Global Nuclear Energy Partnership: Greater Energy Security in a Cleaner, Safer World." U. S. Department of Energy. <http://www.gnep.energy.gov/>

²²⁰ "CRS Report for Congress: Nuclear Energy Policy." Prepared by Mark Holt. Washington, D. C. Congressional Research Service. July 12, 2007. p.1. Construction has also begun on a complex that will turn plutonium recycled from nuclear weapons into fuel at a cost of \$4.8 billion to build and \$100 million a year to operate. "Building Starts on Plant to Convert Weapons Plutonium to Reactor Fuel." *The New York Times*. August 3, 2007. p. A13.

²²¹ "Notice of Availability of Environmental Assessment and Finding of No Significant Impact for an Exemption from Certain Requirements in 10 CFR Part 20 Appendix G for the San Onofre Nuclear Generating Station, Unit 1, in San Diego County, Ca." Nuclear Regulatory Commission (Docket No. 050-206). *Federal Register*. April 23, 2003, v. 68, n. 78. pp. 20033-20034.

²²² "OPANAL, Joint Declaration on the Transport of Radioactive Waste" Mexico, D. F., February 5, 1998. p. 1.

Treaty of Tlatelolco, the United States claimed that the Protocols of the Treaty did not restrict United States' right to transport any type of cargo through territorial waters. Now, other signers of the Treaty must push for a Protocol, for example, to clarify the Treaty wording to restrict the transport or transit of particular types of cargo if they are to demonstrate strength and determination for preparedness in this area.

Caribbean policy makers and OPANAL can take a strong stance on this issue by following the lead of other countries in the region. For example, Panama rejected a proposal for a vessel with an irradiated commercial nuclear power RPV related to the San Onofre case to pass on its way to Barnwell, and in 2002 the Chilean government passed legislation that requires prior authorization for entry or transit in the Exclusive Economic Zone (EEZ) when carrying nuclear or radioactive materials.²²³ Panama is important, because if transcontinental shipments can't get through the Panama Canal it means less will get through to the Caribbean. Although some groups in Panama have protested granting access to the Panama Canal for waste shipments between Japan and France, to date the Panamanian government has not put a ban on them. Argentina also refused to allow the RPV from San Onofre to pass with the 200 miles of the country's shores or use any of its ports to deal with an emergency. Southern California Edison's plan to send the RPV to Chem-Nuclear's waste site in Barnwell had to stay completely in international waters.²²⁴ Caribbean countries have these examples to guide their policies, but they could be hindered because they are island states and not taken as influential economic and political threats by large developed nations.

OPANAL, which has been concerned with the threat of radioactive contamination of the Caribbean Sea and the problems associated with radioactive material transport since 1987, rated the risks that a nuclear environmental type of disaster can occur to be very high in February 1998. In a July 1999 press release following their 20th regular session meeting in Port-of-Spain, Trinidad Tobago, CARICOM leaders expressed their concern with two British ships that were in the process of transporting of 450 kilograms of plutonium bound for Japan from France via the Caribbean Sea.²²⁵ On April 16-17, 1999, after their Summit in the Dominican Republic, the Association of Caribbean States (ACS) rejected the continuous use of the Caribbean Sea for the transport of nuclear waste. The ACS stated in the Declaration of Santo Domingo (1999) that the Caribbean region is a precious asset and procedures should be constructed to protect the Caribbean Sea from ecological degradation, and it stated that the ACS rejects the continuous use of the region for nuclear and toxic waste transport. However, the United States, France, Great Britain and Japan, have largely ignored these concerns and continue to condone the practice as exemplified by their continuous use of the Caribbean for nuclear materials transport. Short of a nuclear shipment disaster or more robust nuclear transport policies from affected states, there is no real economic and political pressure that CARICOM leaders can put on countries like the United States and Japan to prevent them from doing what they perceive as the proper procedure transporting nuclear materials in areas that may not want the transport to take place.

Security and environmental risks

The nuclear materials being transported not only can threaten the environment but also offer certain security risks. For example, mixed uranium-plutonium oxide (MOX) fuel assembly, which is transported through the region, contains weapons-usable plutonium.²²⁶ Countries concerned with

²²³ An Exclusive Economic Zone (EEZ) is a maritime zone adjacent to the territorial sea that extends up to 200 nautical miles from the baselines from which the breadth of the territorial sea is measured. EEZ was given binding international recognition by the Third United Nations Convention on the Law of the Sea in 1982.

²²⁴ WNA News Briefing 04.03, January 20, 2004.

²²⁵ "Statement by CARICOM Heads of Government on the Shipment of Nuclear Waste Through the Caribbean Sea." Press release July 17, 1999.

²²⁶ "Shipment of US-Origin Plutonium Set to Depart France on Eve of Presidential Transition." Nuclear Control Institute. Washington, D. C. January 19, 2001. p.1.

nuclear proliferation naturally find this type of transport to be a threat to national security and the environment, and this type of transport raises important security questions for Caribbean countries: Why does Japan's need for plutonium outweigh security and environmental concerns in the Caribbean? At what point is Japan's security threatened enough to push them into the weapons production or when could their economy compel them to sell plutonium to weapons seeking countries and increase the risk of nuclear materials hijackings in the Caribbean region? These questions have to be satisfactorily answered before OPANAL, CARICOM, or any other Caribbean political or environmental entities can establish effective policies in regard to the shipment of plutonium. In regards to Japan, the international environmental organization, Greenpeace reported in March 2002 that over twenty-six tons of plutonium, enough plutonium for about 5,000 nuclear weapons, will be stored at the Sellafield site in Japan over a ten year period.²²⁷

Since Japan has argued that it needs the plutonium for their nuclear energy program and since they do not have sufficient facilities to convert their waste into plutonium, they have had to rely on countries with the capacity to do so. In 1997, Japan's electric industry announced a plan to convert the plutonium by a plutonium and uranium extraction method that produces MOX fuel with the goal of operating 16-18 MOX nuclear reactors by March 2011.²²⁸ To illustrate the dangers inherent in this plan, two weeks after its startup on March 31, 2006, Japan's new reprocessing plant in Rokkasho, which stores nuclear waste, leaked radioactive water. The Rokkasho plant, which is Japan's first to extract plutonium and uranium from spent fuel, spilled ten and a half gallons of radioactive water inside a secured area, but it had no immediate impact on the external environment.²²⁹ This radioactive water accident indicates that something similar could occur in the Caribbean with nuclear materials bound for Japan. Japan's preparation for this event allowed for containment, but is the Caribbean region prepared in case of a nuclear transport accident within its region? Clearly, Caribbean leaders and NGOs must be as concerned about this possibility as well as with the likelihood of transport associated with the GNEP program.

As indicated, the Caribbean marine environment would be negatively compromised and tourism would suffer from accidents associated with the transport of nuclear waste through the Caribbean Sea by nations. Action is needed to protect the people and the fragile ecology of the Caribbean Sea from this highly dangerous threat to which they are now habitually exposed, as well as to safeguard the livelihood of the millions of people who depend on that unique resource for their well being. For example, not only will marine animals become contaminated, but also eutrophication can occur, whereby the radioactive wastes dissolve into the ocean and become energy rich nutrients for oxygen-depleting bacteria and plants.²³⁰ These organisms spread and generate a hypoxic environment that kills marine life. In addition, nuclear waste from the water can evaporate into the air and contaminate humans. The desire to protect ecology and the livelihood of the region is the source of a significant development agreement of a SIDS declaration (2006), which was assisted by nations within the CARICOM.²³¹ SIDS is concerned with the threat to their economies and maritime environment should a ship transporting hazardous material encounter natural disasters or mechanical

²²⁷ "Caribbean Community Oppose Japanese Nuclear Shipments." *Greenpeace*. March 12, 2002. There is no indication where the materials for Japan's ten year program will come from.

²²⁸ *Nuclear Age Peace Foundation Newsletter*, May 2006, n. 108.

²²⁹ "Japan Nuclear Plant Reports Leak." *ABC News on Line*. April 13, 2006. In addition, a small amount of radioactive water leaked from a heat exchanger at a Mihama reactor owned by Kansai Electric Power in 2004. *Nucleonics Week*, September, 23, 2004.

²³⁰ Eutrophication, the process where water bodies receive excess nutrients that stimulate excessive plant growth, is a form of pollution. For example, coral reefs are important to the Caribbean, because they are a natural resource for most of the Caribbean Islands by providing the bulk of fisheries catches and marine bio-diversity, the source of sand for the beaches on which the tourism economy is based, and protection of the shore from erosion by storm waves. See "Coral Reefs, Sewage and Water Quality Standards," paper presented by Thomas Goreau and Katy Thacker at the Caribbean Water and Wastewater Association Conference held in Kingston, Jamaica, October, 3-7, 1994.

²³¹ "Recent Developments in the International Law Governing Shipments of Nuclear Materials and Wastes and their Implications for SIDS" by Duncan E. J. Currie and Jon M. Van Dyke in *Review of European Community and International Environmental Law*, v. 14, #2, July 2005. pp. 117-124.

accidents.²³² Since SIDS expressed this concern at least one shipment of commercial high-grade nuclear waste from France to Japan has occurred. For example, Pacific Nuclear Transport Limited issued a press release on February 2, 2006 stating that the *Pacific Sandpiper*, carrying vitrified residues back to Japan, left France on February 1, 2006 and would transit to Japan via the Panama Canal route.²³³

Given that nuclear transport is occurring, Caribbean nations must assess what precautions are already in place to ensure that the Caribbean region will be spared an impending nuclear disaster. Typically, countries leave responsibility to shipping companies to minimize risks. For example, radioactive material is usually packaged based on the level of potential hazard of the transported material. Type B containers, used for spent fuel and HLW, have a protective shield against gamma and neutron radiation. The ships carrying spent fuel from Japan to France carried multiple ninety-four ton Type B casks and the return transports from France to Japan have contained up to twenty-eight stainless steel canisters of vitrified high-level wastes with a total weight of fourteen tons.²³⁴ Each canister is put inside a steel transport cask with a total weight of ninety-eight tons. In addition, Pacific Nuclear Transport Ltd. has five 5100 ton ships that have double hulls with impact resistance structures between the hulls as safety requirement for their capacity of up to seventeen spent fuel flasks or fourteen waste transport flasks.²³⁵

Caribbean countries, however, still need to have a program that includes actions to promote safety and prevent threats. A program that questions and tests the reliability of the shipping packages should still be a critical part of a program to promote environmental sustainability. In regards to the canisters, what assurances do Caribbean authorities have that the Type B casks can withstand a blast to the ship's hull? The International Atomic Energy Agency (IAEA) has found the cask design to be satisfactory, but there has been at least one report from Japan that some casks have been produced to cut costs and skirt regulations. A Japanese company producing transport containers, for example, was caught manipulating data by the Science and Technology Agency. The company changed data and cut down on the boron content, which is necessary in shielding radiation in MOX canisters.²³⁶ Responding to some of these concerns, the Bahamas scheduled to get a radiation detector operated by Hutchison Whamposa, a Hong Kong company, which will enable them to detect radioactive material in shipping cargo. If this system works then all Caribbean countries should have it to prevent dangers in both legal and illegal shipments. The destructive and dramatic 2004 hurricane season in the Caribbean should lead authorities to be aggressive and ask for guarantees that none of these shipments take place during the hurricane season. While oversight of the nuclear industry is difficult, stronger policies regarding cask testing and scheduled shipments would be an excellent method in which to implement a program of safety checks and the final deployment of casks would be improved significantly. The negative impact of an accident involving nuclear materials is heightened in view of

²³² Concern of SIDS about the potential dangers of radioactive materials transport on their environment, for example, was expressed during the January 10-14, 2005 at the United Nations International Meeting on Small Island Developing States in Port Louis, Mauritius. See "The Mauritius Strategy for the Further Implementation of the Programme of Action for the Sustainable Development of Small Island States" (Port Louis, January 13, 2005) at http://un.org/smallislands2005/pdf/sids_strategy.pdf.

²³³ Areva Press Release, February 2, 2006. <http://www.pntl.co.uk?pntl-news/PRDisplay.as?id=33>

²³⁴ Uranium Information Center. October 15, 2006. <http://www.uic.com.au/nip.htm#Radioactive%20Wastes>

²³⁵ "Appraisal for the United Kingdom of the Safety of the Transport of Radioactive Material." International Atomic Energy Agency. Vienna 2002. "Terrorism at Sea-The Potential Threat." Captain Dr. Peter Heathcote, Secretariat of the Pacific Community, Suva, Fiji. October 2001. Pp. 2-3. See paper at www.aiex.com. According to reports, the last of twelve shipments of vitrified high level waste departing from France to Japan was supposed to be in 2007. A total of 1310 canisters with 700 tons of vitrified high level waste was shipped under this program. "Japanese Waste and MOX Shipments from Europe." *Nuclear Issues Briefing Paper 23*, August 2007. <http://www.uic.com.au/nip23.htm>.

²³⁶ "Caribbean Currents." *United States Environmental Protection Agency and United Nations Environmental Programme*. July 1999., p. 4.

the fact that, according to Jon Van Dyke, the equipment needed to salvage radioactive materials has not been developed and that recovery from some areas would be impossible.²³⁷

In addition, the potential for hijacking should be a consideration. Drug shipments and pleasure yachts are hijacked in the Caribbean, and as demands increase and the payoffs soar, high seas pirating of plutonium shipments could become a reality. The United States initially entered into a nuclear cooperation agreement with Japan in 1988 to escort shipments of plutonium with an armed escort vessel, but the United States later canceled, and countries, like Britain shipping plutonium to Japan, must supply their own armed protection.²³⁸ Certainly there can be some protection for known shipments; however, protection cannot be provided for shipments done without prior knowledge of Caribbean officials. If all shipments are known perhaps Caribbean officials could also respond with restrictive safety regulations or, even though it is not currently required, they could at a minimum provide escorts when these shipments pass near their borders with their own assets and/or with the assistance of the United States, Japan, France or Great Britain.

Some escorts could definitely assist in dealing with the potential threat of a terrorist takeover or target.²³⁹ This potential has been noted by International Atomic Energy Agency (IAEA) and Greenpeace. For example, in March 2003, a Greenpeace environmentalist urged cancellation of a nuclear materials transport from a reprocessing plant in France to Japan through the Caribbean due to a heightened sense of insecurity resulting from the September 11th attacks on New York City. According to Greenpeace's Shaun Burnie, the shipment was a potential radiological weapon that would endanger coastal nations along its route.²⁴⁰ In February 1998, three Greenpeace activists boarded a ship, the *Pacific Swan*, transporting nuclear material between France and Japan as it entered the Panama Canal to demonstrate how a terrorist could easily board a ship transporting MOX and steal the cargo or threaten to blow up the material.²⁴¹ These protesters, who latched onto the mast, were removed by security personnel. The United States implemented a program in late 2006 called the Secure Freight Initiative that requires United States bound containers leaving ports in Pakistan, Honduras and Southampton, England, to pass through a radiation detection machine and an X-ray device to detect, for example, any bomb making materials that have been intentionally shielded.²⁴² While some antiterrorist experts point out that this is not a foolproof program, Caribbean countries can base their own actions on the realization that United States ships are being tested for nuclear materials, as well as the legal transports between Japan and France. In addition, the United States has requested of fifty ports worldwide that limited checks be done on suspicious containers before they are loaded

²³⁷ Van Dyke, Jon M. "The Legal Regime Governing Sea Transport of Ultrahazardous Radioactive Materials." *Ocean Development and International Law*. 33, 2002. p. 79.

²³⁸ Op. Cit. "Shipment of US-Origin Plutonium." P.2. This policy is exemplified by two British flagged commercial transport vessels equipped with light cannon, machine guns and carrying special police that escort one another on the voyage and a specially built Japanese coast guard plutonium escort vessel. This particular shipment was scheduled to go through the Cape of Good Hope though.

²³⁹ An excellent paper on terrorist potential is "Terrorism and the Maritime Shipment of Nuclear Material." PDF. Ron Smith, Director of International Relations and Security Studies at the University of Waikato, Hamilton, New Zealand. September 2006.

²⁴⁰ "Greenpeace warns that Nuclear Waste Shipment would Create a Floating Radiological Bomb." *Greenpeace*. March 11, 2003.

²⁴¹ "Greenpeace Boards Nuclear Waste Shipment as it Approaches Panama Canal." February 6, 1998. <http://archive.greenpeace.org/nuclear/transport/wasteshipment.html>. This shipment entered the Caribbean Sea through the Mona Passage between Puerto Rico and the Dominican Republic. Statements of protest and opposition were issued by CARICOM and the Organization of Eastern Caribbean States.

²⁴² In announcing the Secure Freight Initiative U. S. Department of Homeland Security Secretary Michael Chertoff said that there is no weapon of mass destruction that is more formidable than a nuclear or dirty bomb. Antiterrorists analysts criticize the program because the screenings would take place only on container ships, not on ships that carry millions of tons of other cargo and that the equipment, which will be installed in only a small number of countries, is prone to triggering false alarms and is unable to see through many items that might be inside a container. "U. S. to Expand Cargo Scans to Detect Nuclear Material." *The New York Times*. December 8, 2006. p. A20.

for transport to the United States.²⁴³ This Initiative does not, however, cover transports back and forth between Japan and Europe, but similar programs can be requested by Caribbean leaders. In the United States, the RAND Corporation's Center for Terrorism Risk Management Policy and Infrastructure, Safety, and Environment issued a paper, "Evaluating the Viability of 100 percent Container Inspection at America's Ports," which argues that quantitative analysis should be used to evaluate security initiatives.²⁴⁴ This paper proposes 100 percent scanning of containers entering the United States, a recommendation based on assessing the minimum attack likelihood required to justify increased inspection costs. This type of study is useful for Caribbean leaders and international organizations seeking justifications for increasing port security even though the likelihood of terrorist attack may not be as high for Caribbean ports since such an attack would not register as highly on the fear and message scale.

Policy-making for prevention and preparedness

Although the question of what to do about radioactive transport, as well as the likely use of the Caribbean to transport nuclear weapons by the United States, has been addressed at numerous meetings and conferences by OPANAL, the IAEA, and the United Nations General Assembly, the controversial and conflictive nature of the topic has resulted in little action. Events in 2006 surrounding the Iranian nuclear proposals and United States aggressive anti-Iranian nuclear buildup should work as a catalyst for improving OPANAL's call for talks on nuclear transport issues. The attention of countries like the United States and France should be directed toward halting the worldwide shipment of materials that are critical to erecting more powerful nuclear facilities in Iran and the rest of the nuclear producing world. It has long been feared that countries, like India and Pakistan, have nuclear weapons and that at any time zealots could get their hands on one and set it off against their enemies within their own country or in neighboring states. India tested three nuclear devices in 1998 and has refused to sign the principal pact for stemming the spread of atomic weapons, the Nuclear Non-Proliferation Treaty (NPT). The Bush Administration (2000-2008) has sealed a nuclear deal with India that conflicts with provisions of the U. S. Atomic Energy Act that bar nuclear sales to countries not a part of the NPT or that have tested a nuclear device. While this action may deal a blow to global nonproliferation and harm diplomatic efforts to pressure countries like North Korea and Iran to give up nuclear ambitions, it also means that at some point the United States will increase its shipments of nuclear materials through the Caribbean to get it to India and other preferred countries. Add this to the worst case scenario whereby the United States military leaders would consider exercising its policy of preemptive first use of nuclear weapons coupled with Caribbean entities pushing for the elimination of nuclear transfer and transport would find Caribbean officials in a threatened situation. Interestingly, Russia and China have indicated that they continue to support the Latin American NWFZ and have also stated that they will review their self-defense declaration, whereby they reserve the right to use nuclear weapons against non-nuclear Latin American states if these states commit acts of aggression. The United States, however, has failed to do likewise. In addition, U. S. intentions regarding GNEP mean that nuclear transports could be plying the waters of the Caribbean on a frequent basis. Since Brazil intends to start enriching uranium for export, the situation becomes even more critical.²⁴⁵

OPANAL, IAEA, and the UN should be prepared to take advantage of the current opportunity to advocate for international, regional, and NGO meetings to address the situation and take a more activist role to eliminate radioactive transports. Panama can be a critical player in addressing radioactive transport since the Panama Canal is the main opening between the Pacific and the Caribbean Sea, and Panama can

²⁴³ "U. S. to Expand Cargo Scans to Detect Nuclear Material." *The New York Times*. December 8, 2006. p. A20.

²⁴⁴ "Evaluating the Viability of 100 percent Container Inspection at America's Ports." Susan E Martonosi, et. al. RAND Corporation Reprint 2005. pp. 223-225.

²⁴⁵ Brazil has signed the NPT and claims to have no intention of pursuing their own nuclear weapons program.

play on its role as a member of organizations, like the ACS, whose Secretariat is based in Trinidad-Tobago, and propose that such shipments be curtailed or decreased significantly. Environmental concerns were effectively raised by Latin American countries when plans to move the San Onofre nuclear reactor shipment by numerous countries in the region. Significantly, Southern California Edison, owner of the reactor, stated that it was not realistic to plan for salvage operations over every mile of the trip and it was impractical to salvage in water depths in excess of 300 feet, so most of the route was in water depths where salvage was not even considered.²⁴⁶ However, radioactive shipments can still end up in shallow water as a result of extreme and unexpected weather, emergency repairs, or a communication emergency. Those groups and organizations discussed in this paper need to respond to the nuclear situation in the Caribbean. First, these groups and organizations need to come together in a coalition to deal with this issue on a collective basis. The groups are currently aware of one another and could occasionally issue statements in support of each other's positions and policies. However, a joint effort that results in a joint statement and/or policy will have more of an impact on large countries and major shipping companies. MARPOL, short for marine pollution, which is the abbreviated form of the Protocol of 1978 relating to the International Convention for the prevention of Pollution from Ships (1973) could also be involved in this issue. The original MARPOL Protocol was signed on February 17, 1973 and the current Protocol is a combination of two treaties (1973 and 1978) that were modified with several amendments until it went into force on October 2, 1983. The stated object is to preserve the marine environment by the complete elimination of pollution by oil and other harmful substances and by minimization of accidental discharges of such substances as oil and toxic waste. This could easily be amended to include nuclear materials. Greenpeace is active in the area of nuclear transports, but it is also active on a worldwide basis, which diminishes attention that can be directed at the Caribbean. A second effective strategy would be to involve non-shipping and non-nuclear focused groups and organizations into the discussion to form a wider coalition. For example, NGOs involved in the environment, sustainable economies, gender issues, and poverty issues could collaborate on anti-nuclear action. Organizations, like the Caribbean Association for Feminist Research and Action (CAFRA) could be encouraged to put the nuclear discussion onto their agenda, because a nuclear accident would threaten women's economic life based on tourism, for example. Some portion of their primary interests can be brought into the nuclear issue by establishing a connection that would indicate, for example, that a nuclear disaster at sea would negatively affect this area of primary concern. The Oil Workers Trade Union (OWTU) in Trinidad, for instance, would be interested in a potential disaster that would harm their work status. Undoubtedly these groups would have to band together to deal with the aftereffects of a nuclear disaster, but this would be too late. This issue is not front page news at the moment, there is no outpouring of political satisfaction on the issue, and politicians are not using it in their campaigns, which limits the knowledge held by the general public and makes such events as secret shipments of nuclear materials through Caribbean waters all the easier.

There have also been conventions that have resulted in proposals and statements aimed at ensuring safety in the region. For example, in 1989 the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal composed a global environmental treaty, and in 1998, the Federated States of Micronesia ratified this treaty that was focused on lowering the creation and potency of hazardous wastes by ensuring their disposal as close to the source as possible to minimize hazardous waste transport.²⁴⁷ Also in July 2002, seventy-eight members of the African-Caribbean-Pacific (ACP) group of states called for the cessation of nuclear shipments across the world's oceans at the ACP Summit in Nadi, Fiji in order to prevent any occurrence of accidents that would seriously threaten sustainable development and the health of their people.²⁴⁸

²⁴⁶ "Nuclear Shipments and Small Island Developing States (SIDS)." Greenpeace Briefing. P. 4. It should be pointed out that nuclear materials sitting below 300 feet can also be dangerous, toxic, and potentially devastating to the area above 300 feet.

²⁴⁷ "Overview of an Ocean Policy for the Pacific Islands." *Council of Regional Organizations in the Pacific*. 2001. p. 66.

²⁴⁸ "World's Poorest Nations Lash out Against Globe's Richest." *Agence France Presse*, July 19, 2002. The ACP Group consists of seventy-nine member states. All of them except Cuba are signatories to the Cotonou Agreement, which binds them to the European Union. There are sixteen Caribbean member states.

Nuclear transport accidents, whether unintentional or the result of sabotage, would have devastating consequences for ecological balance of the region and for its tourism-based economy. Because of the magnitude of the risks, Caribbean states must also push for some type of prior notification of nuclear transport shipments through the region. If this is viewed as a national security problem for the United States, Japan, Great Britain and France, it is crucial that a policy that addresses their concerns is produced. Information, such as, type of ship, cargo, course, location, and port-of-call are necessary if Caribbean countries are to be prepared for such shipments. Caribbean countries have been responding to the nuclear challenges since 1967, and the region has been progressive in its calls for action. Contemporary activities indicate that Caribbean countries are not backing away from expressing their concerns to NGOs, international governments, and corporate actors. Some Caribbean states consistently raise their opposition to nuclear proliferation and transport. They assert that radioactive materials, whether in the form of weapons or plutonium, are dangerous to the environment and should cease. Caribbean states, through their membership in numerous international and regional organizations, continue to pressure for the safety of their citizens. Regulatory policies can be aimed at compliance with safety procedures and necessary protections against terrorists and terrorism. Caribbean states must organize a disaster plan in case of an accident. In addition, Caribbean leaders and organizations can take lessons from findings at a NATO workshop on environmental security held in April 2005, where a group of international risk assessment, decision-making, environmental modeling and engineering experts from eleven countries examined approaches for addressing environmental security issues in ports, harbors and coastal areas. This group introduced approaches to evaluate natural and man-made environmental vulnerabilities in transportation networks and other critical infrastructures located in coastal ports and harbors. While they add the caveat that evaluation of the effectiveness of the approaches in the current framework of environmental management is important to verify their appropriateness and identify possible future needs to address environmental security, the maintenance or enhancement of environmental security requires consideration of three elements.²⁴⁹ The first is an understanding of basic human, ecological and environmental conditions, which is an area strongly represented in Caribbean research, literature, and policy. The second one, prediction of various opportunities whereby security might be compromised, is potentially the most difficult one for Caribbean analysts to deal with, primarily because they do not necessarily receive all the information, such as schedules, sizes and payload of radioactive waste shipments destined to enter Caribbean waters, which is data they need to make a clear assessment. This information can be dealt with in a way that does not compromise safety and security issues, but all parties must procure and exchange as much of this information as possible so that assessment does not have to be made on an on-site nuclear accident scenario basis. The third suggestion is to have an analysis of the range of options to enhance, prevent or minimize the opportunity for disaster events to occur. This last one is less difficult due to broad range of information that includes previous radioactive and other disaster situations, which is available though to Caribbean nations from the Organization for Economic Co-operation and Development (OECD), United Nations Environment Program (UNEP) and the IAEA. These suggestions are based on nuclear material transports continuing and should be useful to Caribbean policy makers and organizations.

While some call for complete elimination of nuclear materials transports, others push for more numerous and less restricted nuclear materials transports. The more pragmatic strategy would be to pursue a track that incorporates aspects of both positions. For example, allowing one shipment per year would make safety precautions easier and more effective. Since nuclear energy and nuclear transport are profitable businesses and upgrading Caribbean port security is an expensive proposition, a substantial amount of resistance can be expected toward policy makers and international

²⁴⁹ “Addressing Environmental Security in Ports, Harbors and Coastal Areas: Review of Approaches and Tools.” In Workshop Summary: Environmental Security in Harbors and Coastal Areas. Gregory Kiker and Igor Linkov I. Paper presented at Society for Risk Analysis Annual Meeting 2005. Also see Igor Linkov, Gregory Kiker, and Richard Wenning, ed. *Environmental Security in Harbors and Coastal Areas*. Proceedings of the NATO Advanced Research Workshop on Management Tolls for Port Security, Critical Infrastructure, and Sustainability held at Thessaloniki, Greece. March 2005. Springer Publishing, New York. 2007.

organizations that call for reductions or cessations of nuclear material transport. This situation indicates that compromise will be difficult, especially given indicators that point to expansive 21st century nuclear growth. Additionally, the Caribbean public should be brought into the nuclear materials transport discussion at some level in efforts to make them more aware and amenable to learning about and maybe practicing disaster reaction scenarios. One consequence of introducing public discussions would be a heightened sense among Caribbean citizens of the broader issue of environmental sustainability and its importance to a healthy economy. Nuclear materials transporters on the other hand would be giving up some elements of secrecy and unrestricted movement in exchange for continuous movement through the region while simultaneously improving public relations and safety. There could also be concern about creating low level hysteria about nuclear dangers among the population and security risks for transport vessels by bringing the public into the dialogue, but these areas of concern can be dealt with more easily than the problems created by improvised responses to radioactive waste accidents and the subsequent social tensions created by health and economic degradation. In addition, regional leaders will only be able to rely on luck if they lag behind through a period of no nuclear materials accidents. Ports must be prepared, for example, to handle a transport with a leaking radioactive part seeking to land at their port for repairs, and they should be equally prepared for organized evacuations if toxic fumes waft into the surrounding communities. A fact that emerges out of this examination is that any program for nuclear accident preparation must be continuous regardless of strategies pursued. Overall, the region needs a cooperative program that includes practical actions to prevent nuclear accidents, policies to protect the environment from damage in case of an accident, and community forums to educate the public about potential dangers. Prediction of the outcome of Caribbean concerns about nuclear materials and transport is elusive, but the action of Caribbean countries to date on this issue indicates positive steps.

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Regional integration in the Caribbean assessing the impact of the CSME on CARICOM's poorest member State

Asha Williams

Abstract

Full integration within CARICOM is nearing reality with the CARICOM Single Market and Economy (CSME). Addressing equity and sustainability will determine whether integration among these diverse states succeeds. This policy options paper addresses concerns of equity during integration through focusing on the unique case of CARICOM's poorest member, Haiti. The study combines case study analysis with economic theory and demographic data to assess the impact of Haiti's inclusion into the CSME. The analysis reveals that integration among these diverse states could provide mutually beneficial trade and labor arrangements between Haiti and other CSME states; in the presence of unequal income and development levels. The policy options paper provides recommendations for mutually beneficial arrangements within the CSME that can affect aggregate living standards. This analysis is timely as Haiti moves towards ratifying the Treaty of Chaguaramas, which paves the way for its participation in the Single Market.

Introduction

Countries across the globe are increasingly becoming involved in regional trading agreements in the hope of achieving economic development and better standards of living. At times, these agreements progress to deeper integration among member states, facilitating harmonization of trade policies, free movement of factors of production and in extreme cases, supranational governing institutions.

With a population of less than 16 million, the micro-states of the Caribbean Community (CARICOM) are no different when it comes to this trend. Since 1963, countries of the English-Speaking Caribbean have participated in several integration models, including a short-lived Federation

and the Caribbean Community (CARICOM), which has survived for over 30 years. CARICOM, which today also comprises Suriname and Haiti, is currently embarking on deeper integration through the creation of a Caribbean Single Market and Economy (CSME).

The countries to be involved in the process are a diverse group. The population of member countries range from 8.5 million in Haiti to 48,000 in St Kitts and Nevis. (World Bank 2005) While most member states speak English, the Community's members also include Dutch-speaking Suriname and French-speaking Haiti. Members are also located in South and Central America. Haiti, whose population exceeds the total population for all other members, and English-speaking Guyana, which is located in South America are the group's poorest members. On the other hand, the Bahamas, Barbados and Trinidad and Tobago have relatively high levels of per capita income.

The integration of these small but diverse economies provides an interesting case in the study of trade, integration and its effect on development. What effect does free movement of goods and capital have on intra-regional trade and income levels? How will future demographic trends affect, and be affected by, free movement in the region? Can CARICOM's poorer members benefit from the process, or will the gains mainly accrue to the region's more developed economies?

In this paper, I assess these concerns through a focus on CARICOM's poorest member state, Haiti. The country's economic and social conditions are glaring when compared to other countries in the region. Haiti's persistent political instability, rampant poverty, weak human and economic development record increases the need for tangible results from the process. The CSME process is currently being initiated in Haiti after a return to stable government following former President Jean Bertrand Aristide's exile to South Africa in 2004. This analysis and the resulting policy proposals are therefore timely.

I first outline the CSME initiative.²⁵⁰ Section Two briefly highlights the experience of the European Union, which proves an interesting comparative case of integration among diverse countries. An assessment of trade and free movement is also made, followed by a discussion of the main policy implications arising from the analysis. The analysis reveals potential gains in trade and free movement resulting from Haiti's inclusion in the CSME. CARICOM leaders should particularly assess the trade and investment potential of Haiti's apparel sector. Steps should also be taken to expand the categories of workers covered by the CSME, in light of an ageing and stagnant population, and the fact that unskilled workers are more likely to respond to intra-regional movement. Addressing these concerns would reinforce the region's commitment to see equitable results from the process.

Background

Understanding of the history of this initiative and the motivation behind it is necessary to comprehend the importance of this study and is briefly reviewed in this section. For approximately two decades, CARICOM governments have been working towards deeper integration to deal with issues of small size that affect their competitiveness in the global economy. The current move to ensure the implementation of the CSME is the culmination of years of negotiation and public debate on the process. The move would facilitate free movement of capital, services, goods and skilled CARICOM nationals in the initial period. It is also expected to be characterized by harmonized fiscal and monetary policy, and there are proposals for a monetary union. (Girvan 2005, 5) Some of the stated goals of the CSME include:

- Full employment of labor
- Full use of other factors of production

²⁵⁰ The Bahamas has opted not to participate in the CSME and data for this country is not included in most of the comparative analysis.

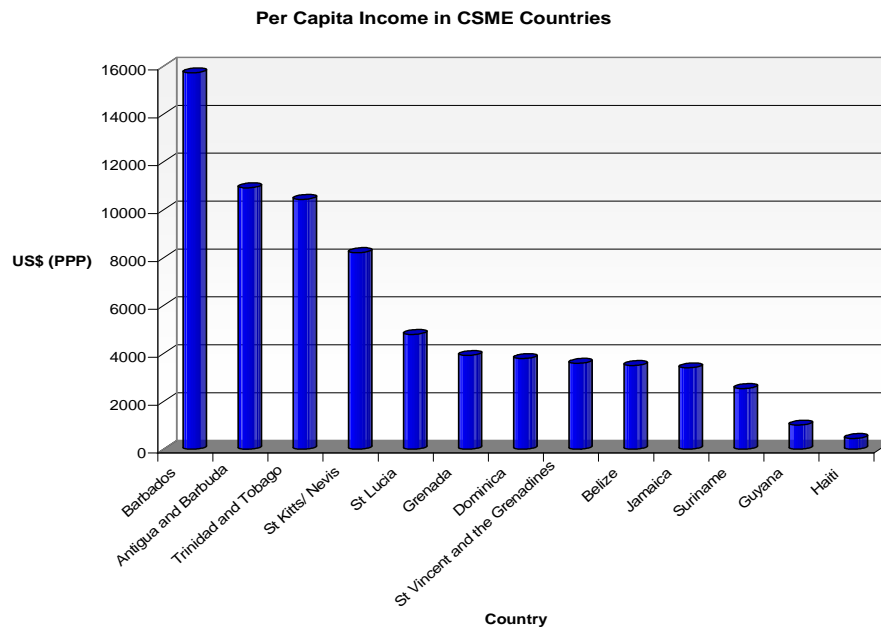
- Competitive production and increased variety in traded products and services

Through these, CARICOM hopes to achieve better living standards and sustained economic growth. (CARICOM 2006).

The move toward further regional integration in the Caribbean should not be surprising in a world where most countries belong to one or more regional trading blocs. The vulnerability of small economies is widely noted in development and economic literature, and given the small size of CARICOM states; there should be a natural inclination to increase bargaining power and competitiveness. The benefits of regional integration, particularly for developing economies have been asserted by several authors. The World Bank recently noted that further integration in CARICOM was critical to improving the group's competitiveness, (World Bank 2005, xv) while others state that integration could provide a meaningful avenue for increased competitiveness of Caribbean firms. (Bernal 2006, 91).

Despite these potential gains, a significant challenge in moving forward with the CSME would be to ensure that gains are distributed equitably. A situation could evolve where the region's wealthier economies benefit from increased trade and productivity, while the poorer economies experience minor gains or even losses from the process. This threat has been noted in the literature on regional integration, migration and trade. For instance, Fuchs and Straubhaar note that "if within an integrated area some countries are much more developed than others, the gains from being integrated are very likely to be distributed unequally." (Fuchs and Straubhaar 2003 2) The variation among income levels within CSME participating countries is illustrated below.

FIGURE I



Source: World Bank (2005) and UNDP (2004) Data

Figure I illustrates the income gap between CARICOM's more developed countries and the poorer member states, primarily Haiti and Guyana. While nationals in Barbados earn an estimated US\$15,720 annually, Haitians earn US\$450. If the CSME process is to be a meaningful one for CARICOM citizens, there must be some convergence of income levels. It is therefore imperative that

CARICOM leaders strive towards ensuring that gains are distributed among all member states, particularly the poorest.

Concerns about income distribution after integration necessitate an evaluation of whether income convergence is possible when regional integration occurs among economically and culturally diverse states. The European Union provides a comparable case for this assessment, particularly through its recent Eastern expansion and plans to incorporate Turkey into the Union. Valuable insights can therefore be gained from the EU model and will be presented in the following section.

The EU – A comparative case

A case study comparison with the European Union could provide key insight into the possibilities and dangers of entering into a regional integration agreement that facilitates free movement, trade and stronger political cooperation among diverse countries. The rhetoric of CARICOM on the issue of regional integration clearly indicates a desire for deep integration, and the possibility of a monetary union has also been discussed. The EU therefore provides a strong comparative case.

Without doubt, the EU represents the deepest level regional integration in today's world. Today, the EU is a single market involving a diverse group of countries with a common currency and a range of supranational institutions. The focus of this case study will be the recent expansion of the EU, which has led to the inclusion of former communist states in Central and Eastern Europe. The most recent of these expansions occurred on January 1, 2007, with Romania and Bulgaria's entry into the Union. Inclusion of Turkey, Macedonia and Croatia is also pending. (European Union 2007) Their entry into the EU mirrors the pending entry of Haiti into the CSME, with relatively lower levels of income and development. In fact, the EU has asserted that one of the primary goals of the expansion is to improve living standards as soon as possible. (European Union 2003, 5).

The Union's previous experience with expansion and improving living standards has also been viewed as a success, particularly with regard to Spain and Portugal. (Fuchs and Straubhaar 2003; EU 2003) This success has been attributed to the use of structural funds which provides assistance to poorer EU member states. The funds include the European Fund for Regional Development, the European Social Fund and the Cohesion Fund. According to the EU, these funds aim to create convergence, foster cooperation and enhance competitiveness. (European Union 2007) In moving towards further integration, CARICOM states have apparently learned from the EU's experience and created several funds for addressing similar concerns. A Development Fund, aimed at assisting disadvantaged countries, and an Investment Fund to facilitate trade and investment, are among similar measures utilized by CARICOM. The use of these funds could therefore facilitate convergence in CSME member states, as it did in the EU, if utilized effectively.

On the issue of trade, there tends to be a one-sided reliance by new members on the markets of Western EU member states. Prior to ascension, it was reported that while 70% of exports from these countries went to the EU, this only accounted for 4% of total EU trade. (Breuss 2001) These figures illustrate considerable dependence by these countries on EU markets. This contrasts significantly with the negligible trade relationship between CARICOM and Haiti, which will be discussed in more detail later. It has been also noted that the EU tends to export goods dependent on high-skilled labor or capital-intensive goods to Central and Eastern Europe. (Boeri and Herbert 2001) On the other hand, imports to the EU from those countries tend to be goods dependent on unskilled labor. Haiti's active participation in the CSME may result in a similar relationship, given the country's abundant supply of low skilled labor.

There have been some estimates concerning the trade impacts resulting from EU enlargement. A recent study assessed the pending inclusion of the Central and Eastern European candidates prior to their accession to the EU. That study found that trade effects resulting from integration would lead to

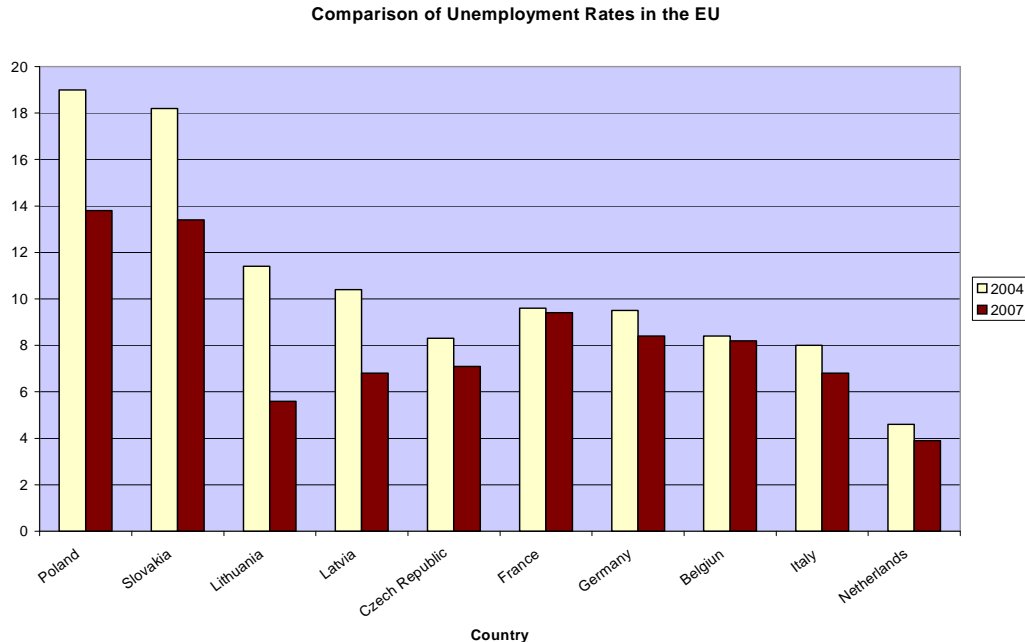
a factor of 0.05 in benefits for the original 13 members, while benefiting the Eastern European members by a factor of 1.98. (Breuss 2001) This illustrates the possibility for larger benefits accruing to the less developed states during an integration agreement.

Another critical concern in this analysis is the proposed inclusion of Turkey into the EU. Although it is not yet a member, the debate over Turkey's inclusion into the EU can provide some insight into the tensions involved in including a country with a very large population, and lower living standards, into a regional integration agreement. The EU notes that if included, Turkey will become the Union's second largest country. (EU 2003) The country's Middle East borders presents significant security concerns for the EU, while its economy is estimated to be 1.9% of EU GDP. (Hughes 2004, i) While the dynamics are somewhat different, Turkey's potential membership in the EU reflects the concerns of Haiti's inclusion in the CSME. In particular, concerns regarding instability, population pressures, poverty and security are present in both cases. Though it has been on the cards for close to a decade, Turkey's membership in the EU has not yet come to fruition. The country is required to undertake several political reforms before accession to the EU.

Turkey is also projected to experience significant population growth, and is estimated to become the EU's largest member state in 2025. (Hughes 2004) In assessing the possible accession to the EU, Hughes argues that the EU could benefit from Turkey's growing and youthful population to counter the effects of its ageing and limited population growth. Benefits from FDI flows were also predicted for the country. The possible accession of Turkey to the EU reveals that while there are potential gains, population and poverty, create significant challenges. The steps by the EU to ensure that political and economic reforms are effectively in place before Turkey's accession, reveals that integration should not be rushed.

BOX I: UNEMPLOYMENT TRENDS IN THE EU

Free movement of people among countries often creates concerns about unemployment, particularly in receiving countries. An assessment of how unemployment levels fared in EU member states in light of recent accession may provide some insight for CARICOM. A causal relationship between membership and employment levels is difficult to state, given the relatively recent entry into the EU by the new member states, most of which ascended to the Union in 2004. Nevertheless, review of recent trends in unemployment levels in some of these countries could provide valuable insight. The illustration below compares unemployment rates in five countries incorporated into the EU in 2004 with five of the original 1957 members.



Source: Derived from European Union – Eurostat (2007)

The data reveals that unemployment rates for the new members were higher than the original members in 2004, with Poland having a startling unemployment rate of 19%, and the Netherlands, a low rate of 4.6%. Sharp reductions in unemployment have been occurring in the recent member countries, with all the countries except the Czech Republic achieving reductions in unemployment rates exceeding 3 percentage points. Unemployment also fell in the original member states, but at very low rates when compared to new members. The data illustrates the potential employment benefits arising from EU membership. Further analysis of unemployment rates in the six years preceding accession for these countries illustrates that while consistent reductions only occurred in Latvia, the rate of decline was much slower than the period following EU membership. For the other countries declines began in the years immediately following 2000, and were not as sharp as those occurring after EU membership. Membership in the EU therefore appears to have provided some benefits to new EU member states in unemployment reduction, and has not compromised unemployment rates in some original member states. Free movement and the removal of trade barriers under the CSME could positively affect employment levels if such concerns are addressed at each stage of the implementation process.

Trade

Much of the focus on integration within the CSME has focused on the issue of trade. Given the small size and relative openness of CARICOM countries, trade plays a critical role in the region's development. While CARICOM countries have been described as extremely open by several authors, they only account for only 0.1% of world trade. (Fuchs and Straubhaar 2003, 7) CARICOM countries vary in the goods and services they produce, export and import; with several countries accounting for the bulk of intra-regional trade. Various databases show Trinidad and Tobago leading intra-regional exports, with Barbados and Guyana also accounting for significant exports (UN; Association of Caribbean States (ACS). On the other hand, Haiti barely engages in any intra-regional trade.

Is there potential for trade between Haiti and the rest of CARICOM? Can increased trade with CARICOM neighbors facilitate development in Haiti? I will review current trends in trade between Haiti and other CARICOM states and assess the potential for gains from trade through a mix of quantitative and qualitative analysis.

The available data on Haiti's trade with CARICOM compared to its world trade is striking. Perhaps the most significant trend is the fact that while the country has been experiencing reduced trade with the region, its trade with the rest of the world has been increasing. The ACS notes that Haiti's intra-regional exports within CARICOM were valued at a mere US\$156,000, and declined by 15% between 2000 and 2004. On the other hand, the country's exports to the rest of the world were valued at US\$423,555,000 in 2004 and grew by 7% between 2000 and 2004. (ACS 2004) Haiti's imports with the region also reflected this deteriorating trade relationship, with the country's intra-regional imports declining steadily from 19.9% in 2001 to 11.6% in 2003. (ACS 2004) Although Haiti's intra regional trade with CARICOM has been worsening, the fact that its world trade is improving is a clear sign of the country's trade potential. A comparison of world and intra-regional trade for some other CARICOM states in Table I illustrates this and reveals the state of intra-regional trade.

TABLE 1
COMPARISON ON INTRAREGIONAL AND WORLD EXPORTS

Country	Exports to the CARICOM		Exports to the World	
	Value 2004 \$US (thousands)	Annual Growth in Value 2000 - 2004	Value 2004 \$US (thousands)	Annual Growth in Value 2000 - 2004
Barbados	99 730	-4%	195 036	-7%
Belize	2 793	10%	257 956	1%
Dominica	25 494	-4%	41 309	-6%
Grenada	4 890	-4%	27 183	-16%
Guyana	115 619	12%	543 263	1%
Haiti	156	-15%	423 555	7%
St Kitts/ Nevis	440	-17%	66 108	-2%
St Lucia	30 336	31%	92 644	20%
St Vincent and the Grenadines	21 045	-4%	36 610	-8%
Suriname	1 197	-22%	817 540	11%

Source: Association of Caribbean States - Intra Regional Trade 2004 (Country Data)

Table 1 indicates that several other CARICOM countries have been experiencing slowed growth in intra-regional exports. The data supports the low levels of intra-regional trade which has been a source of concern for several analysts. For instance, Fuchs and Straubhaar note the low level of intra-regional trade in CARICOM compared to other regional trade blocs. (Fuchs and Straubhaar 2003, 1) The figures and literature reveal that despite the absence of trade restrictions within CARICOM, trade performance has been lackluster. This further highlights the need for the CSME to produce tangible benefits for all member states.

A key factor that distinguishes Haiti from the other selected countries is its higher level of world exports and the growth of such in recent years. A preliminary assessment of these figures leads one to assume that there may be potential for Haiti to expand exports to CARICOM markets, through the CSME. A closer assessment of the composition of its exports could provide some insight into this.

According to the ACS, apparel products accounted for Haiti's leading two categories of exports in 2004. The World Bank also notes that Haiti is one of the Caribbean's leading textile exporters to the United States, with its exports nearly tripling since 1996. (World Bank 2005, 7) In contrast, ACS data reveals that Haiti exported little textile or apparel products to CARICOM. (ACS 2004) Conversely, a similar analysis of apparel exports for other CARICOM countries showed that while some categories of apparel products were in the top 25 leading imports, only St. Kitts/ Nevis exported some categories of apparel within the region, with Belize, Jamaica and St Kitts/ Nevis exporting apparel products globally.

Can the apparel industry be a potential vehicle through which the CSME could facilitate growth in Haiti? An assessment of the sources and value of apparel imports and exports for the region revealed that those CARICOM countries that did export apparel globally, with the exception of Haiti and Belize, traded negligible amounts with the rest of the world. (UN Comtrade 2006) On the other hand, imports into the region came primarily from the United States, Panama, China and India for most CARICOM states. The analysis reveals that while Haiti possesses an excellent apparel market, there is very little trade between the country and the rest of the region in this sector. Therefore, there appears to be potential for improving the quality of life in Haiti, through apparel trade, in the initial phase of CSME integration.

Expansion of intra-regional trade could also provide incentives for increased investment within Haiti. There exists considerable potential for Caribbean manufacturing firms, particularly those in CARICOM's more developed states to utilize the cheap labor supply and close proximity of Haiti for direct investment initiatives. The country also has a favorable exchange rate for FDI and trade valued at 36 Gourdes to \$1 US dollar. This contrasts significantly with the exchange rates of Barbados and the Eastern Caribbean countries whose currencies are valued at \$1.99 and \$1.69 to the dollar respectively. However, the country does face competition from Jamaica and Guyana, whose currencies are valued at \$67.50 and \$190.01 to the dollar.²⁵¹ However, those countries have a much smaller labor supply, when compared to Haiti. The country's exchange rate therefore provides lower costs and reveals potential gains from foreign investment in the country in labor intensive sectors. However, such gains are only possible for industries which have lower unit costs than other member countries or are not competitive with industries in Jamaica and Guyana.

The above analysis of trade in the region reveals potential for Haiti to capitalize on its comparative advantage in textiles within the region and expand its intra-regional trade with CARICOM partners in other labor intensive sectors. While this will not be a remedy for development and poverty reduction in the country, it is a step in the right direction. The country will particularly have to work towards ensuring that the new era of governance is not marred by political instability and conflict. Such will be necessary for creating a favorable investment climate that can lead to fruitful benefits for the Haitian populace and CARICOM as a whole.

²⁵¹ Sourced from URL: <http://finance.yahoo.com/currency>

Free movement

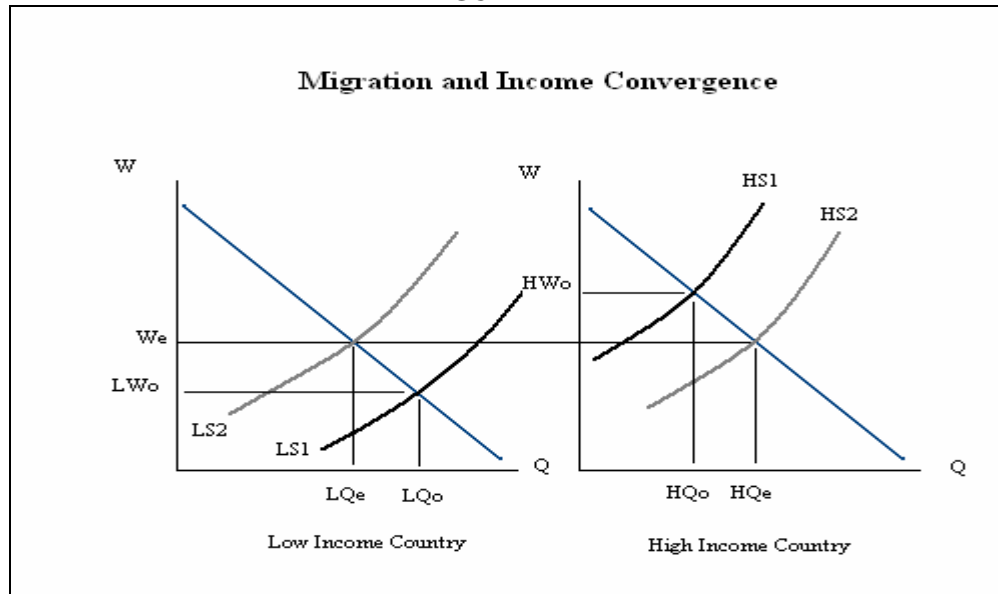
Free movement of persons has been receiving significant attention within the discourse on regional integration within CARICOM. Though the category of skilled persons presently covered under free movement mechanisms within the CSME framework is not very broad, there has been debate on expanding free movement to all categories of workers in the future. This section analyzes available data on the movement of skilled persons within CARICOM and the potential for extensive relocation under the CSME. The section also assesses the potential role Haiti could play in such free movement, given population and age-distribution projections for the region.

Despite relatively relaxed restrictions on the movement of persons over the years, several analysts note the minimal levels of migration within the region. (Ferguson 2003; Fuchs and Straubhaar 2003) This contrasts with the significant brain drain to countries outside the region, particularly Canada, the United Kingdom and the United States. Elizabeth Thomas-Hope states Caribbean migration tends to be highly responsive to educational and occupation opportunities in other countries, with low income countries exporting more skilled nationals. (Thomas-Hope 2000) Another important component of intra-regional migration has been the tendency for relatively higher levels of intra-regional movement by low skilled workers. Ferguson asserts that that low skilled workers are also more inclined to migrate, with less access to economic opportunities at home (Ferguson 2003), while Thomas-Hope states that unskilled migrants exceeded the number of skilled migrants in the region. (Thomas-Hope 2000, 28) Given the limited current data on intra-regional migration trends and a review of the existing literature, there is little evidence to anticipate significant trends of long-term migration patterns among skilled nationals. All available evidence on migration patterns within the region illustrate a tendency for more intra-regional movement among low-skilled workers, who are not yet covered under the CSME, and the tendency for skilled workers to pursue opportunities outside the region.

If Haiti were to be included in the free movement mechanism of the CSME, would significant migration patterns of skilled Haitians follow? The information on general migration patterns within the region follows the patterns of migration among Haitians in the region. Haiti's unskilled labor tends to migrate to neighboring Dominican Republic, while its skilled labor migrates to developed countries. More importantly, the country's brain drain is alarming, even by regional standards, with four-fifths of tertiary educated citizens residing abroad, mostly in the United States, France and Canada. (Buss et al 2006, 9) Another implication of free movement within the Haitian context is the fact that the CARICOM country with a considerable Haitian population is the Bahamas, which has opted out of participating in the CSME. Issues of Haiti's language add to the complexity of potential migratory patterns in the region. It is therefore unlikely that inclusion of Haiti in a free movement mechanism for skilled nationals will lead to a significant influx of Haitians into other CARICOM countries. Indeed, the country may be in need of skilled CARICOM nationals to address the significant brain drain of its skilled citizens to developed countries.

Despite the evidence that considerable relocation may not take place due to the CSME, the analysis reveals there are incentives for encouraging free movement within the region, particularly with Haiti. A main reason why free movement should be encouraged derives from economic theory on the employment effects of migration. If one were to assume that movement across countries with differing income levels and no restrictions to movement was similar to movement across different sectors of an economy where income levels varied, then simple demand and supply analysis could be utilized to illustrate possible effects.

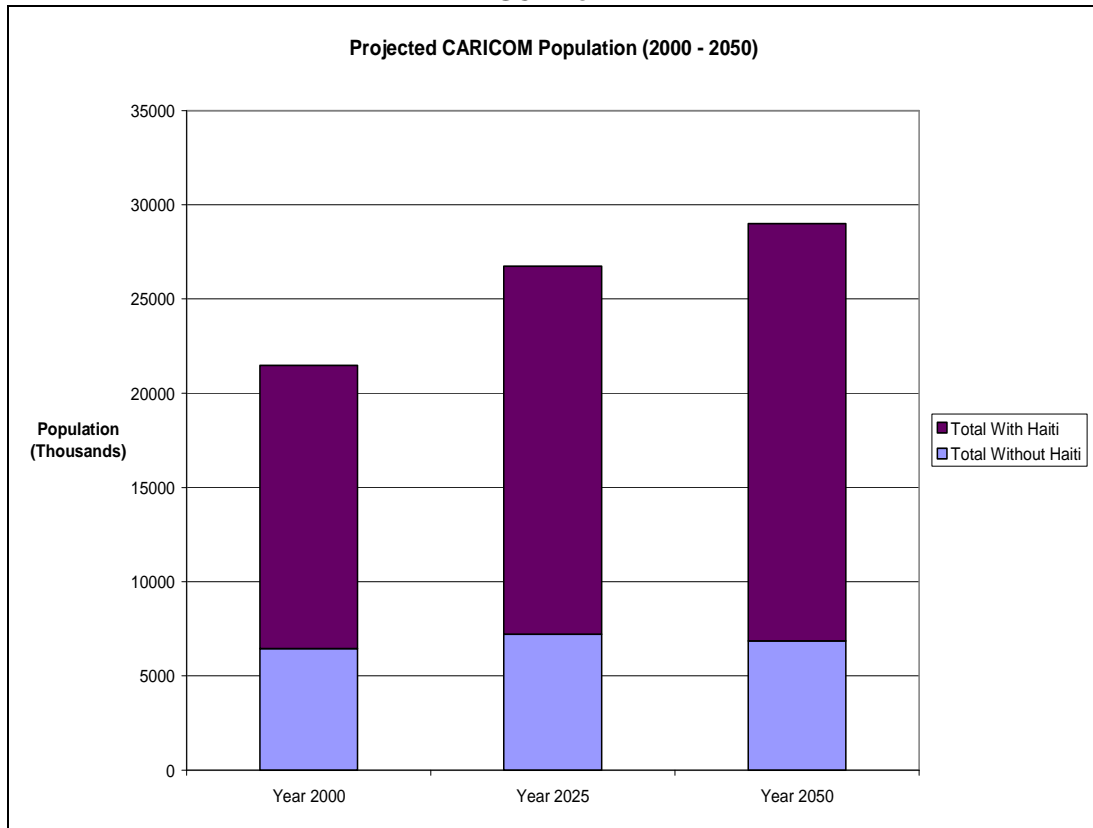
FIGURE 2



The diagram above illustrates the movement from workers in a low income country to a high income country.²⁵² Wages are represented on the x-axis, while the quantity of labor is represented on the y-axis. The original wage in the low income country is LW_o , while original wages in the high income country starts off at HW_o . Migration from the low income country to the high income country increases the supply of labor in the high income country from HQ_o to HQ_e , driving wages down to W_e . On the other hand, the decrease in labor supply in the low income country from LQ_o to LQ_e , makes labor scarce and leads to an increase in wages to from LW_o to W_e . The process of free movement therefore creates wage convergence in both countries. This simple economic explanation points to the potential gains from migration. A major assumption is that restrictions to movement are not present, therefore causing the labor movements to operate as if they occurred within one economy.

Another major supporting point for encouraging expansion of free movement lies in the current projections for the CARICOM population and its age distribution. The projections for regional population growth reveal that such is unlikely to occur in CARICOM, without Haiti's presence. This is illustrated below.

²⁵² A more detailed model is provided by Fuchs and Straubhaar (2003)

FIGURE 3

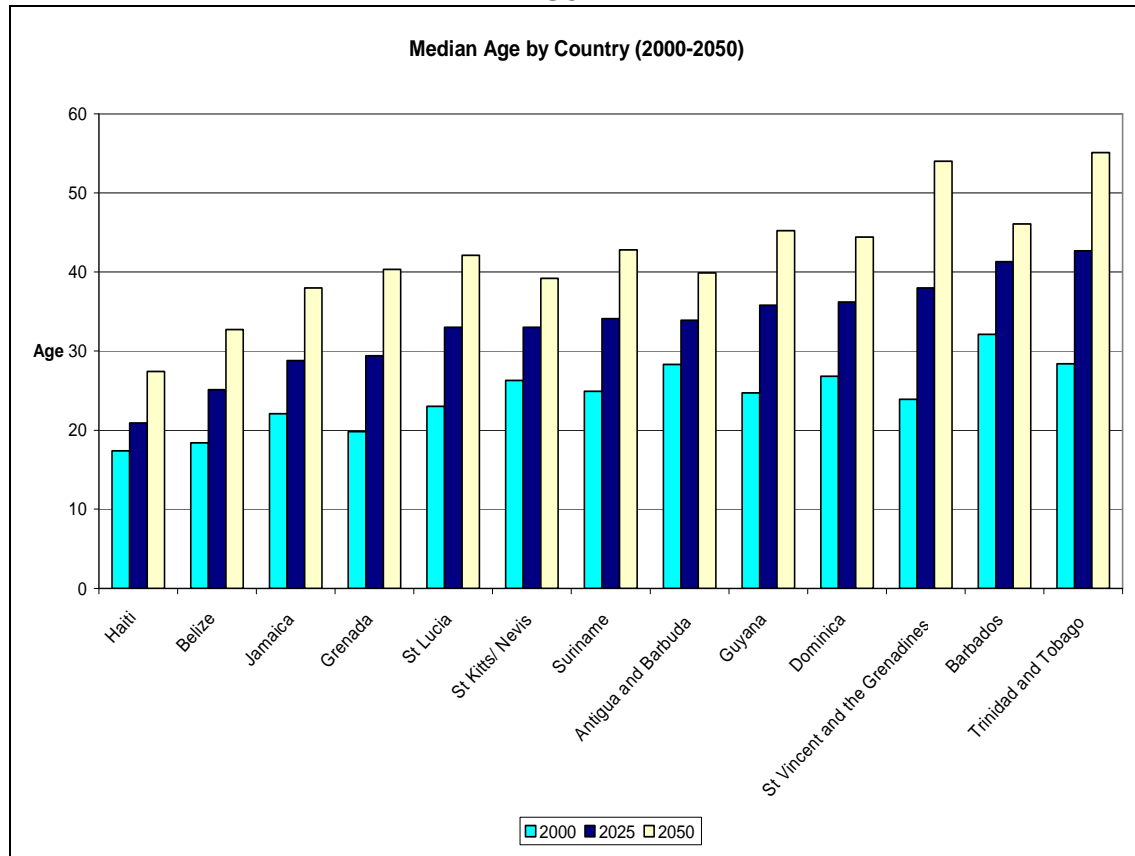
Source: United Nations Population Division (2006)²⁵³

According to United Nations projections, the CARICOM population (excluding Haiti) will experience only marginal increases over the next 50 years. The labor supply in some member states is even projected to decline in some states. On the other hand, Haiti's population is set to increase, almost doubling by 2050. The Haitian population could potentially provide a meaningful source of labor, particularly in those countries where labor supply is set to decline.

Another component of this argument relates to projections for the age distribution among CARICOM countries. There will be a substantial ageing of the CARICOM population over the next 50 years. As with trends in population growth, Haiti will be an exception to this rule.

²⁵³ Measures the medium variant for population among all CARICOM member states, and includes estimates for the Bahamas.

FIGURE 4



Source: US Census Bureau²⁵⁴

The Figure above clearly illustrates that the median age for countries such as Barbados, Guyana, St Vincent and the Grenadines and Trinidad and Tobago will increase substantially. In St Vincent and the Grenadines, this ageing population would be coupled with population decline, while for Trinidad and Tobago, the population increase is minimal. These and other CARICOM states may face productivity challenges due to these pressures. Free movement could therefore serve as a mechanism whereby demand for youthful labor could be satisfied by labor from Haiti, whose youthful population is also projected to increase over the period.

Policy implications

This paper has revealed that several issues should be addressed by CARICOM leaders if the CSME is to be a meaningful route for economic development in Haiti and the region as a whole. The main policy implications of this assessment are listed below.

- ***Haiti's apparel sector shows potential for trade and FDI opportunities:*** The more developed member states of CARICOM can benefit significantly from increasing trade with Haiti, particularly in the apparel sector, which has shown signs of promise for the country. Comparative advantage theory asserts that countries would benefit from trade in

²⁵⁴ The countries are arranged in ascending order according to the median age over the three year period.

sectors which utilize their abundant factors of production. Haiti's large labor supply can therefore gain from investments and trade in the apparel and other labor intensive sectors.

- ***Expansion of labor categories covered in the CSME may be both necessary and beneficial to CSME states in the future:*** CARICOM's limited population growth and ageing population in the future, hint to potential gaps in demand for, and supply of labor. Haiti's youthful and expanding population could be a significant source of labor for the region in years to come. With an ageing population, CSME countries may find themselves facing deficits in labor, particularly in sectors requiring youthful labor. The region must therefore recognize the potential gains from expanding the categories of workers to be covered by free movement and work towards expanding these categories.
- ***Effective use of development funds is necessary:*** The region must ensure that development funds aimed at assisting less developed members are utilized effectively to facilitate improvement of living standards. Analysis of the EU case reveals that such funds can be meaningful sources of investment and aid, and can lead to income convergence. With respect to Haiti, the region must ensure that funds upgrade the country's underdeveloped infrastructure, as such would be necessary for facilitating FDI and development of export-oriented sectors. Investment in education, institutional development and security would also be necessary, and as such, development funds should focus on these areas. Such would undoubtedly have a meaningful impact on development in the country and would also serve to bring living standards closer to that of other member states.
- ***Haiti's entry to the CSME does not have to be rushed:*** The EU's approach to Turkey, and other Central and Eastern European members, reveals that all steps should be taken to ensure that countries are ready before incorporation into an integration agreement. Rushing Haiti's entry into the CSME may result in the minimal gains to the country, and the region as a whole. All steps must be taken to ensure that political stability is maintained and institutions are ready for dealing with changes that are likely to arise after integration. Nevertheless, the region's leaders must not allow these concerns to encourage bureaucratic lethargy. Haiti's entry into the CSME will require continued and detailed efforts to ensure that the country is ready for meaningful involvement in the agreement when the time arises.

Conclusion

This analysis has provided several insights into the possibilities for regional integration among culturally and economically diverse states to provide benefits for all involved. The experience of the EU in providing assistance through structural funds illustrates potential convergence benefits. Much of what CARICOM has articulated about the structure of regional integration through the CSME resembles the EU model. Coordination of monetary and fiscal policy, a Caribbean Court of Justice and free movement of factors, all illustrate the depth of this integration arrangement.

In moving towards stronger cooperation and deeper integration, the region's leaders must ensure that benefits accrue to the CSME's less developed member states. Haiti's case in the CSME is unique, given the country's large population and significantly lower standard of living. Effective use of development funds, investment in the apparel sector and careful planning could result in meaningful gains for the country. Population trends in the region in the five decades ahead reveal that Haiti could be critical to the competitiveness of all CARICOM states in the future. When all is said and done, the CSME would be meaningless if it leaves living standards unchanged or disproportionately benefits the region's more developed member states. All planning and coordination must therefore consider the likely effects on the region's less developed member states.

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Balance of payments constrained growth within a consistent stock-flow framework: An application to the economies of CARICOM

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Abstract

This paper provides an interpretation of the pattern of growth in CARICOM in the 1990's through a stock-flow model. The model is presented in steady state and in out of steady state positions. In both cases it is shown that the pattern of growth in CARICOM, characterized by low growth, government and current account deficits, and mounting stock debt levels can be explained by the relationship between fiscal and foreign trade performance. The out of steady state position model includes in an explicit manner the private sector and provides an explicit transmission mechanism through the interaction of stocks and flows. The model highlights the binding character of the external constraint and argues that government expenditures do not necessarily result in low growth or high debt levels. The outcome depends on the interaction between government, external, and the private sector, an interaction that is the basis for stock-flow modelling.

Introduction

This paper provides an interpretation of the pattern of growth of CARICOM economies²⁵⁶ for the 1990's decade building on two traditions in economic theory, that of stock-flow modelling developed

²⁵⁵ ECLAC, Santiago, Chile. The opinions here expressed are the authors' own and may not coincide with those of ECLAC. Comments are welcome and can be sent to esteban.perez@cepal.org

²⁵⁶ The treaty establishing CARICOM (1973) provided for the creation of two distinct entities: the Caribbean Community and the Common Market. The Caribbean Community (CARICOM) has 15 member states (Antigua and Barbuda, The Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Suriname and Trinidad and Tobago). The Bahamas is not a member state of the Common Market. CARICOM has five associate members (Anguilla, Bermuda, British Virgin Islands, Cayman Islands, and Turks and Caicos Islands). Aruba, Mexico, Venezuela, Colombia, the Netherlands Antilles, the Dominican Republic, and Puerto Rico are observers. Six member

by Wynne Godley and his associates (see, Godley and Cripps 1983; Godley and Lavoie, 2007) and the balance-of-payments constrained approach to growth developed mainly by Thirlwall and McCombie (Thirlwall, 1979; Thirlwall and McCombie, 1994).

The stock-flow modelling tradition builds on ‘a fundamental law in macroeconomics,’ namely that stocks and flows must satisfy both the constraints of economic agents and of the economy as a whole so that all constraints are mutually compatible.²⁵⁷ These constraints are satisfied through the workings of definite relationships between both flows and stocks.

The approach proceeds from the logic that only certain configurations of transactions are mutually compatible for all economic agents. As a result, stock-flow modelling generally begins by specifying transactions, flow-of-funds and balance sheet matrices for a given set of economic sectors and variables. The transactions matrix deals with flows; the flow of funds and balance sheet matrices deal with stocks. Once the overall consistency is guaranteed, the approach proceeds to make behavioural assumptions about agents and parameters which allow the specification of a model.

The model is analyzed from the point of view of quasi stock equilibrium from which a flow equilibrium relationship is derived. This is the quasi steady state position. In this position the income is determined by a combination of the fiscal stance (government expenditure to the marginal tax rate) and the export performance ratio (exports to the income elasticity of income). Then, the workings of the models are analyzed in out-of-steady state positions.

In the latter case, the interaction between stocks and flows is crucial and the model must be solved in a sequential manner. In particular in this model, income flows, guided by fiscal and foreign trade performance, play the equilibrating role between the change in the stock of assets of the private sector and the sum of its sources.²⁵⁸ In turn, stocks feedback on flows. The extent to which stocks can influence flows will depend on whether the combined effects of fiscal and foreign trade performance lead to an increase or a reduction in the net assets of the private sector.

The analysis of CARICOM macroeconomic performance during the 1990’s presents a picture of stagnant growth with impending macroeconomic disequilibria. In summary and general terms (for there are exceptions) the countries of the region registered stagnant growth rates and levels of investment, widening current account and fiscal deficits and mounting debt stock levels. In addition, the current account deficit tended to surpass the fiscal deficit. Finally, the private sector in most countries was also in a deficit position throughout the period of study.

The application of the steady state model to the CARICOM case shows that in most country cases the fiscal stance surpassed the export performance ratio. While this situation can lead to higher growth it is unsustainable for it leads to an explosive debt accumulation path.

The out-of-steady state model which is solved sequentially shows that the current rate of growth is unsustainable. This is explained by the relationship between stocks and flows. The rate of growth can tamper off or contract when the level and composition of flows are such that the net addition to the private stock of assets declines over time. This process occurs when the fiscal stance is greater than the export performance ratio which is precisely the case of CARICOM economies.

Both the steady state and out-of-steady model highlight the binding character of the external restriction for economic growth. A sustained process of economic growth can be public or private sector driven but the process will not occur unless the external sector provides the necessary room for growth.

The analysis also shows that the same phenomena, that causes the slowdown or contraction in growth also led to higher levels of indebtedness. Growth and debt are two sides of the same process.

states are considered more developed countries (MDCs) (Bahamas, Barbados, Guyana, Jamaica, Suriname and Trinidad and Tobago) and eight countries are considered less developed countries (LDCs) (Antigua and Barbuda, Belize, Dominica, Grenada, Haiti, St. Lucia, St. Kitts and Nevis, and St. Vincent and the Grenadines). This study deals basically with the CARICOM members excluding Haiti.

²⁵⁷ See, Godley and Cripps (1983), p.18.

²⁵⁸ Ibid. p.292.

Debt accumulation can only be understood as a dynamic outcome of the relationship between the government and the external sector. Moreover, while it can be argued that growing net government expenditures can lead to greater indebtedness; it is nonetheless true that a greater debt stock may lead to higher government expenditures, so that debt and government expenditures feed back on each other.

The paper is structured in seven sections. Following the introduction the second section presents an overview of growth in CARICOM. The third sets out the stock flow framework. It examines CARICOM economic performance using the financial balances of the private, government and external sectors. The fourth section derives the stock flow model and presents the quasi steady state solution which is applied to CARICOM economies. The workings of the model are analyzed in steady state and outside steady-state positions in sections five and six. The final reflections are found in the last section.

Growth in CARICOM: A brief overview

In the past two decades the average long-run growth trend of CARICOM economies exhibited a period of decline spanning from the middle of the 1980's until roughly the middle of the 1990's followed by one of stagnation. The average GDP per capita rate of growth of CARICOM economies decreased from 3.6% to 1.4% between 1985 and 1995 and settled thereafter around 2% (see, Table 1 below). In practical terms, this means that, other things equal, CARICOM economies require on average roughly 35 years to double their income per capital levels.

This behaviour reflects the movement in tandem of the two sub groupings of CARICOM (the LDCs and MDCs). For the period 1985-1995, the LDCs and MDCs witnessed a drop in their rates of growth of output. The contraction was much sharper for the LDCs (6.5% and 2.0% for the LDCs; 0.4% and -0.4% for the MDCs). However, this subgrouping managed to maintain positive growth rates while that of the MDCs fell into negative numbers.

In the following period (1995-2005) the rate of growth of both sub groupings converged. That of the LDCs (2.1%) remained roughly on average at the level of the previous period. In the case of the MDCs it increased from -0.4% during 1990-1995 to 2.3% during 1995-2000 and stayed at that level thereafter.²⁵⁹ The exception to this trend is the economy of Trinidad and Tobago which has experienced vibrant growth rates since the middle of the 1990's.

The growth performance is reflective of the decline in growth for the most important productive sectors of Caribbean economies. The average sectoral rate of growth of agriculture has barely surpassed 1% in three decades. For their part the manufacturing and the services sector growth rates have declined from 7.0% and 5.8% in the 1970's to 3.9% and 3.3% in the 1990's (see, Table 2 below).

At the same time, since the early 1990's CARICOM economies have with few exceptions (i.e., Trinidad and Tobago) and some disparity registered stagnant levels of domestic investment, widening fiscal and current account deficits and very high debt stock levels by international standards (see Table 3 below).

Domestic investment has remained roughly around 27% of GDP since the 1990's. For their part, the fiscal and the current account deficits averaged 8% and 11% of GDP on average for the same period. Finally, the debt stock rose on average from 65% to 84% of GDP for CARICOM on average. The main exception to these regional trends is Trinidad and Tobago, an economy exhibiting fiscal and current account surpluses and low debt levels.

²⁵⁹ At the same time that countries have converged in their growth rates they have deviated in terms of GDP per capita levels over time. The cross-sectional variance for all CARICOM groupings without exception shows an increase between 1980-1985 and 2000-2004 (see Table 1 and Figure 2 below).

TABLE 1
GDP PER CAPITA TRENDS IN CARICOM, 1980-2005

	1980-1985	1985-1990	1990-1995	1995-2000	2000-2005
Averages					
OECS	4.6	6.6	1.9	2.4	1.6
LDCs	4.0	6.5	2.5	2.1	2.1
MDCs	-2.0	0.4	-0.4	2.3	2.2
CARICOM	0.8	3.6	1.4	2.6	2.1
CARICOM ^a	2.3	0.4	0.9	2.0	1.7
Dispersion of GDP per capita in levels across the Caribbean					
CARICOM	6.67	6.73	6.73	6.82	6.92
OECS	6.06	6.43	6.61	6.71	6.84
LDCs	6.07	6.46	6.60	6.68	6.78
MDCs	6.98	7.01	6.94	7.03	7.13

Source: ECLAC on the basis of official data.

^a Denotes not taking into account Trinidad and Tobago in the computations. The averages are computed simple means.

TABLE 2
SECTORAL GROWTH RATES, GDP SHARES AND CONTRIBUTION TO GDP, 1960-1990

	Agriculture	Manufacturing	Services
Sectoral growth			
1970s	0.5	7.0	5.8
1980s	0.3	4.6	4.9
1990s	1.2	3.9	3.3
GDP shares			
1970s	16.6	25.8	54.3
1980s	12.5	25.3	58.9
1990s	9.8	25.1	61.6
Contribution to GDP			
1970s	0.0	2.0	3.3
1980s	0.1	1.1	2.8
1990s	0.1	0.8	2.4

Source: World Bank (2005)

TABLE 3
CARICOM :GROSS CAPITAL FORMATION, CURRENT ACCOUNT, FISCAL DEFICIT AND DEBT STOCK AS PERCENTAGE OF GDP,
1990-1997 AND 1998-2005
(Averages)

	Gross Capital Formation		Current account		Fiscal deficit		Debt stock	
	1990-1997	1998-2005	1990-1997	1998-2005	1990-1997	1998-2005	1990-1997	1998-2005
The Bahamas	...	...	...	...	-3.10	-3.51	41.27	41.73
Barbados	14.70	17.85	2.74	-7.17	-4.72	-5.11	71.29	76.98
Belize	24.53	21.85	-3.98	-15.40	-8.47	-12.84	0.00	60.14
Jamaica	27.77	28.52	-2.80	-7.33	-3.78	-8.54	114.12	129.07
Guyana	36.31	23.88	-19.02	-15.45	-18.11	-16.20	383.21	164.62
Trinidad and Tobago	19.00	21.91	1.80	5.58	0.00	2.56	0.00	26.75
Suriname	13.17	25.01	0.74	-9.41	0.00	-0.01	11.47	17.22
Antigua and Barbuda	33.88	29.42	-4.38	-11.23	-6.23	-10.32	61.68	103.80
Dominica	30.84	21.66	-18.40	-17.98	-17.56	-13.23	46.29	99.87
Grenada	34.7	38.11	-17.00	-23.31	-9.05	-13.01	35.59	76.12
St. Lucia	23.58	23.96	-11.27	-14.80	-4.22	-6.09	19.96	47.75
St. Kitts and Nevis	44.62	45.58	-19.46	-25.74	-10.28	-19.87	26.25	126.12
St. Vincent and the Grenadines	28.09	32.54	-17.82	-18.73	-7.65	-8.35	31.38	65.48
Average OECS	32.62	31.88	-14.72	-18.63	-9.16	-11.81	36.86	86.52
Average CARICOM ^a	27.60	27.52	-9.07	-13.41	-7.17	-8.81	64.81	79.67
Average CARICOM ^b	28.38	28.03	-10.06	-15.14	-7.76	-9.76	70.21	84.07

Source: ECLAC on the basis of official data and World Bank Development Indicators.

Note: ... denotes not available.

^a Average of CARICOM with Trinidad and Tobago

^b Average of CARICOM without Trinidad and Tobago. The averages are computed as simple means).

The stock-flow framework

This section builds and draws heavily from the work of Godley (1983, 1999, 2000, 2001), Izurieta (2001) and Lavoie (2001) and Backus et al. (1980). The framework is presented in the form of stock-flow matrices that incorporate transaction between different agents (that is flows) and their corresponding balance sheet holding gains or losses (that is stocks). The rows of the matrices represent money transactions between agents for each good, service or asset considered in the model. A negative sign in a row signifies a source of expenditure and a positive sign a destination of expenditure. As a result, as Godley (1999, p. 394) points out “every flow comes from somewhere and goes somewhere.” Thus to provide a consistent macroeconomic framework all rows must sum up to zero. The columns are defined by the sectors or agents considered in the model and represent their budget constraint. For this reason, they must also sum up to zero. The counterpart of the budget constraint of each sector is the generation of changes in stocks of assets and liabilities. These appear as changes in agents’ balance sheets.

The stock-flow framework has several characteristics worth detailing. First, it is a consistency framework and thus does not require satisfying particular ‘*ex ante*’ equilibrium conditions. Second, as pointed by Backus et al. (1980), the money flows of goods, services and assets refer to sales and purchases during a discrete period of time (a quarter or a year). In this sense, the construction of the matrix allows for the introduction, in a given period, of patterns of evolutionary change. That is, it is an open system (Dow and Chick, 2002). From the reasoning underlying both these reasons, it follows that the framework does not impose an excessive burden on deductive reasoning but rather seeks to highlight the compatibility of defined configurations of transactions Godley (1983, p. 44).

The institutional and behavioural workings of the stock-flow framework model are as follows. The stock flow framework is divided in three sub matrices. The first shows the money transactions (a minus sign indicates the origin of a monetary flow and a plus sign the expenditure) of the economic agents. Their sum of rows is equal to 0. The second sub matrix represents the flow of funds (or savings), which is the counterpart of the transactions matrix. A positive sign in the flow of funds matrix indicates the source of funds and a minus sign their use. The columns of the transactions and flow balances sum up to zero. The third sub matrix is a stock matrix. It shows the balance sheets of the agents (or their accumulation accounts). In the balance sheet matrix assets appear with a positive sign and liabilities appear with a negative sign.

The framework considers one country, say country A and the rest of the world (i.e., external sector). The country in question comprises, in turn, four agents’ households, firms, government and commercial banks. Following (Tobin (1969 and Godley, 1999) the framework treats the capital and current account separately for firms. The capital account includes assets and debts and the current account production and income flows.

Because the internal capital market is not developed and is restricted, the framework considers only loans and money in the form of deposits in the capital account for commercial bank (as an example, demand deposits (D_d) and commercial bank loans (L_b)). In the case of firms the capital account includes demand for investment (INV). The framework also includes a Central Bank which is part of the government.

The Central Bank is assumed to maintain a passive policy satisfying the demand for base money at a given rate of interest through the variation of its international reserve holdings.

Commercial banks pay interest on deposits from households and firms ($r_d D_h$ and $r_d D_f$) and charge interest to businesses and households (r_{if} and r_{ih}). Commercial banks also hold treasury bills issued by the government and earn interest on these (r_{tb}). The framework assumes an interest rate spread, which constitute the profits of the bank which then are distributed to households as dividends (π_b). In other words there are no retained profits and the flow of funds of the commercial banks sum to zero.

The economic activity of households is limited to consumption (C). Households receive wages (W) and profits and dividends from firms and banks (π_p and π_b). That is firms and banks profits are distributed to households. Households also receive interest income on their deposits ($r_d D_h$) and pay interest on their loans (-

r_{lh}). Thus firms' and banks' money income earnings flow back to households. Households also pay taxes to the government (T_h).

The counterpart of households' earnings and payments are their changes in money holdings and deposits (DHP and DD_d). Household savings are held in the commercial bank system due to the lack of a developed capital market (See, the sub matrix of flow balances in Table 4 below)²⁶⁰. The banking system satisfies passively the demand for loans. Within this diagram money flows can be seen as completing a "circuit" from the time a decision is made to finance production or consumption.

Firms distribute profits and pay wages to households and firms supply and demand investment (INV), export and import to and from the rest of the world ($-M$ and $+X$), pay taxes to the government (Γ_f) and interest on their loans to commercial banks

($-r_{lf}$).

The government spends and taxes (G and T) and issues high powered money (HP). Following the analysis of earlier sections the government has a deficit (FB_g), which is financed with the issue of treasury bills (DT_b) and foreign assets (D_{eq}) on which it pays interest. Treasury bills are held by the commercial banks and the foreign sector.

The rest of the world is characterized in terms of its commercial and capital flow relations (exports (X), imports (M) and private and official capital flows (denoted by D_{eq}). The exports (X) are necessarily equal to the imports of the rest of the world. The country in question pays also interest on its debt (r_{tb}) and registers capital repatriation flows (π_{fs}).

TABLE 4
STOCK-FLOW MATRIX

Transactions matrix							
	Households	Firms		Banks	Government	External sector	Σ
		Current	Capital				
C	-C	+C					0
I		-INV	+INV				0
G		+G			-G		0
M		-M				+M	0
X		+X				-X	0
T	- T_h	- T_f			+ T_t		0
W	+W	-W					0
r_{lb}	- r_{lh}	- r_{lf}		+ r_l			
r_{tb}				+ r_{tb}	- r_{tb}	+ r_{tbf}	0
rd	+ rdD_h	+ rdD_f		- rDt			0
Dividends	+ $\pi_p + \pi_b$	- π_p		- π_b		+ π_{fs}	
FB	FB $_h$		FB $_f$	FB $_s$	FB $_g$	F $_{bes}$	0
Flow of funds							
Cash	-DHP			-DHP	+DHP		0
Demand deposits	-DD $_d$			+DD $_d$			0
Time deposits	-DT $_d$			+DT $_d$			0
Treasury bills				-DT $_b$	+DT $_b$	-DT $_b$	0
Loans			+DL $_f$	-DL $_b$			0
Capital	-De $_q$		+De $_q$		+De $_q$	-De $_q$	0
Σ	0		0	0	0		0
Balance sheet matrix							
Cash	+HP			-HP	-HP		0
Demand deposits	+D $_d$			-D $_d$			0
Time deposits	+T $_d$			-T $_d$			0
Treasury bills				+TB	-TB		0
Loans			-L $_f$	+L $_f$			0
Capital	+E $_q$		-E $_q$				0
Foreign assets					+F $_g$	-F $_g$	0

²⁶⁰ In the flow of funds matrix the letter D denotes a discrete change.

With the use of the first and second matrix, the financial balances or **savings** (the difference between income and expenditure) can be reproduced as follows,

(1)

$$FB_h = W + r_d Dh - C - T_h - r_{hl} + \pi_p + \pi_b$$

$$FB_f = INV$$

$$FB_g = T_t - G - r_{tb}$$

$$FB_{fs} = r_l + r_{tb} - rDt - \pi_b = 0$$

$$FB_{es} = e(M + r_{tbf} + \pi_{fs} - X)$$

Where,

FB_h = financial balance of households.

FB_f = financial balance of firms.

FB_{fs} = financial balance of the financial sector.

FB_{es} = financial balance of the external sector.

e = nominal exchange rate.

According to Eqs. (1) the financial balance of households are equal to wages (W) plus interest income on their deposits ($r_d Dh$) and dividends ($\pi_p + \pi_b$) minus their consumption (C), tax payments and interest payments (T_h and r_{hl} respectively). Similarly the financial balance of the government is equal to tax revenue (T_t) minus expenditure and interest payments on its treasury bills (G and r_{tb} respectively). For their part the financial balance of firms is equal to their investment (INV) since they are assumed to distribute their profits to households. The financial balance of the commercial banks is equal to interest income (r_l and r_{tb}) and interest payments on deposits (rDt) and distributed profits. Since they distribute all their profit to households their financial balance is equal to 0. Finally the financial balance of the external sector is equal to imports of goods and services, interest received on treasury bills and dividends minus exports of goods and services.

The financial balances are a natural outcome of the transactions for the economy as a whole. By national accounting identities the financial balances of the private sector (households, businesses and financial sector) must be equal the financial balance of the government (i.e, the government deficit) and the financial balance of the external sector (the external surplus). Formally,

$$(2) FB_{ps} = FB_g + FB_{es}$$

Where, FB_{ps} = financial balance of the private sector (households, businesses, firms).

FIGURES 1-6
EVOLUTION OF THE FINANCIAL BALANCES FOR CARICOM ECONOMIES, 1990-2005

FIGURE 1 BARBADOS

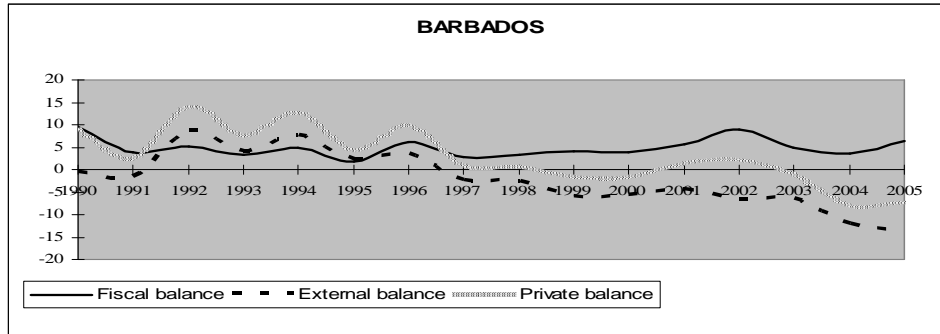


FIGURE 2 - BELIZE

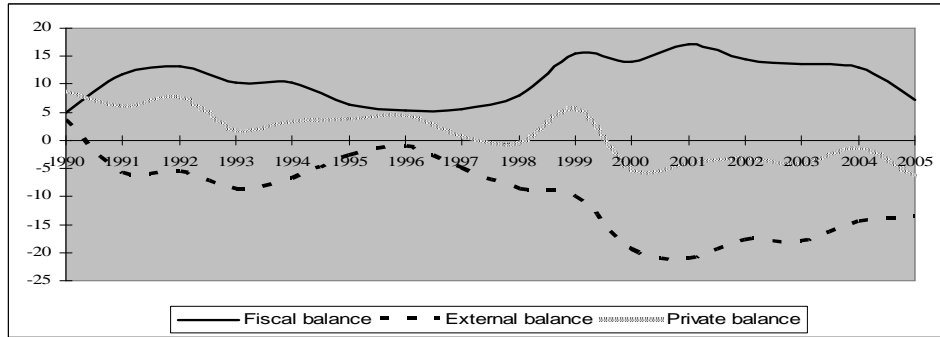


FIGURE 3 - JAMAICA

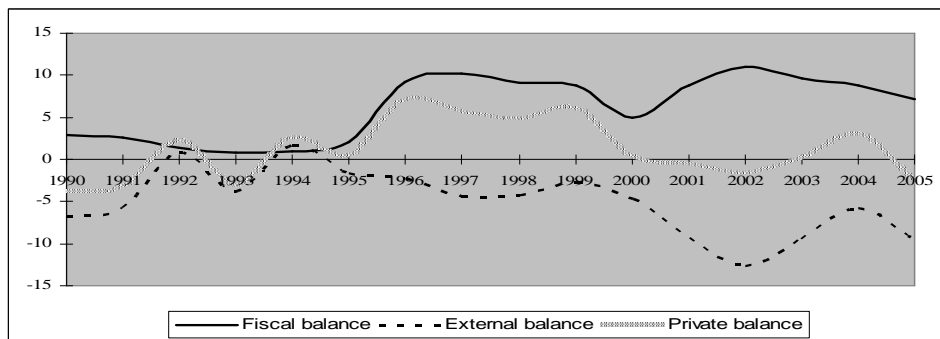


FIGURE 4 - GUYANA

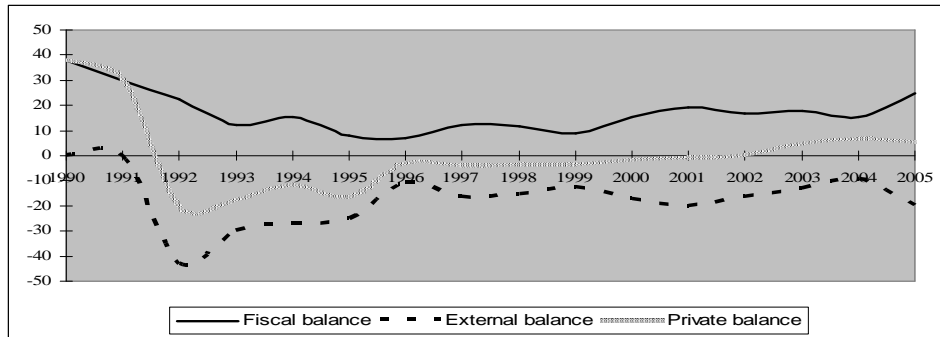


FIGURE 5 - OECS

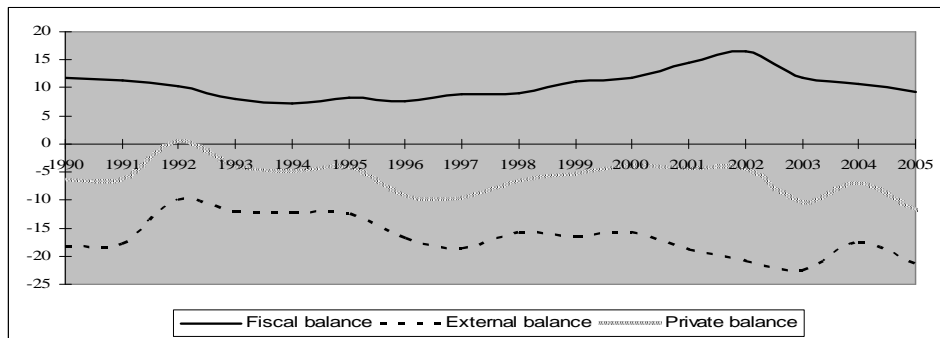
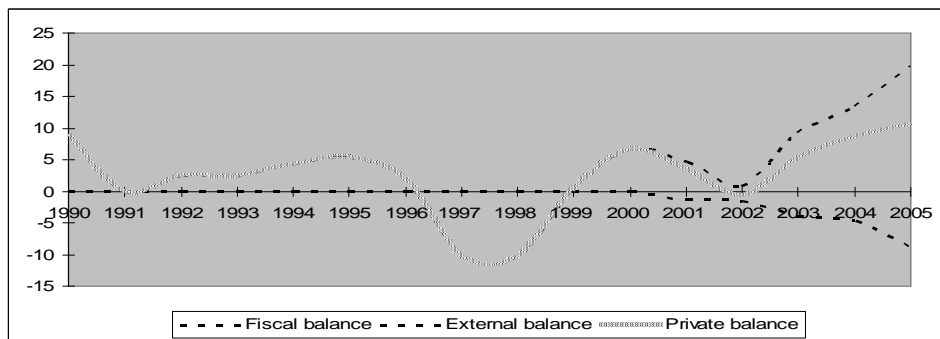


FIGURE 6 - TRINIDAD AND TOBAGO



The relationship between the financial balances allows to classify the different sources of growth into its different demand sources. These financial balances are plotted below for the period 1990-2005 for the OECS economies on average and for the MDCs on a country-by-country basis. The financial balances approach provides an orderly way of looking at the data presented in first section above on the synopsis on Caribbean growth. Eye inspection of figures 1 to 6 above, show three important features worth detailing.

First and as stated in the first section for the whole period under consideration the government and the external sectors registered deficit positions for most economies (with the notable exception of

Trinidad and Tobago). The deficits for the government and the external sector widened substantially from the middle of the 1990's onwards and in particular since the year 2000.

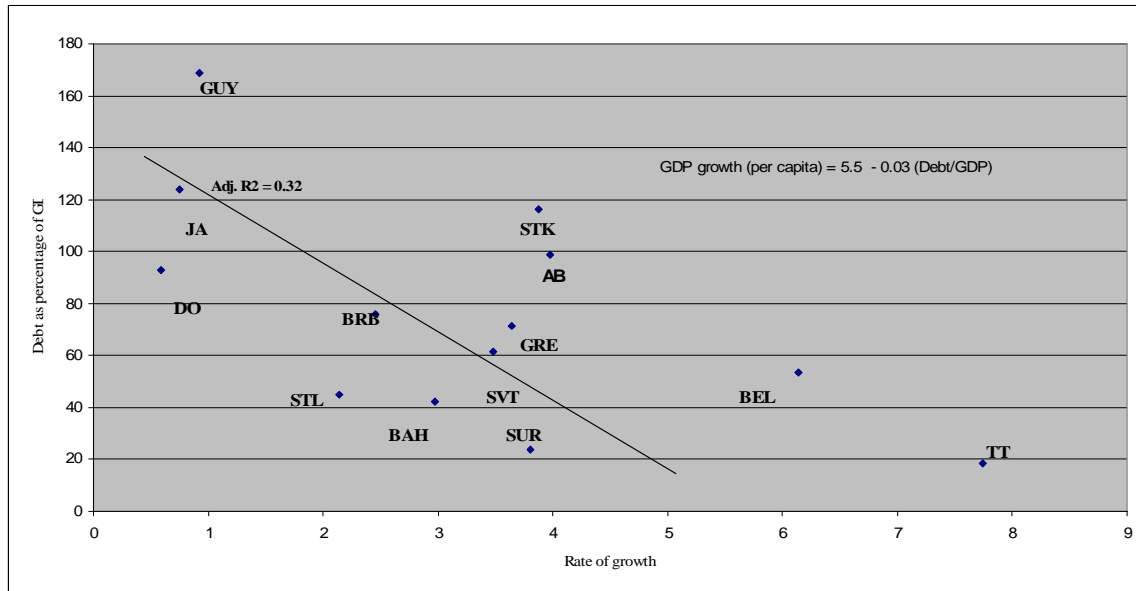
Second, while the increase in government expenditure exerted a positive effect on aggregate demand and hence growth, it was more than offset by the external imbalance which had a negative effect on demand and on growth. Overall during the period, external leakages exceeded fiscal injections. As shown in Table 3 above, the average current account deficit (leakages) for CARICOM reached 13% of GDP for 1990-1997 surpassing for the same period the budget deficit (injections) which stood at 9% of GDP. These aggregate results mirror the individual CARICOM country situation for the majority of economies for the entire period under consideration and for most of the economies with very few exceptions for the period 1998-2005.

Third, as a result the private balance especially from 1998 to 2005 had a tendency to be in a deficit situation. The most salient case is that of the OECS, where the magnitude of the deficit of the private sector is roughly equal to that of the government (see figure 5 above). The case of Barbados is also relevant where the deterioration of the private sector balance is tends to sharply deteriorate from 2002 onwards. The deficit position of private agents also exerted a positive effect on demand and the expansion of output. Given the fact that investment stagnated throughout the period under study (see Table 3 above), consumption was probably the variable driving private sector balances.

Finally the deficit position of all three balances from 1998 to 2005 means that during this period the growth process is accompanied by debt accumulation. Debt accumulation is often viewed as the result of government imbalances. It is actually the result of an approach which views the government sector in complete isolation from the rest of the economy. Contrarily the analysis presented here shows that debt accumulation can only arise from the interaction of the three balances. More precisely, it is the result of the interaction of the financial balances of the government and the external sectors, for once the deficit of the external sector is greater than the government deficit the private sector balance is by definition in a deficit position.

Debt led growth is by itself unsustainable over time as it leads to explosive debt process and eventually one or more sectors must adjust. The standard adjustment is a contraction in aggregate demand arising from a reduction in government expenditure. Jointly with an expectations story, these are the standard explanations put forward to explain the inverse relationship between growth and debt (see Figure 7 below). However, an alternative hypothesis is presented below according to which the said inverse relationship is explained by the workings of the model developed and in particular by the interaction of stocks and flows.

FIGURE 7: DEBT STOCK AS PERCENTAGE OF GDP AND GROWTH OF GDP PER CAPITA FOR CARICOM ECONOMIES 1990-2005



To provide a fuller understanding of the interactions between the economic sectors, their financial balances, their flow and stock aspects and their impact on the growth path of an economy require the specification of a model. Following the logic of the analysis thus far presented, the model deals with both stock and flow aspects. It also specifies a relationship between both so that any flow solution must have a counterpart in a stock solution.

For both analytical and empirical reasons, the implications of the model deal at first with steady state cases. Thereafter the analysis focuses on outside steady state positions. The purpose is to understand the workings of the model and its dynamics and provide simple but useful scenarios which may serve as a basis for the formulation of economic policy.

The growth model

The model is based on two identities (financial balances and income-expenditure) and a relationship between stock and flow variables. The financial balances and income-expenditure identities are derived respectively from the transactions and balance sheet matrices above (See Table 4 above).

The financial balance identity states that the financial balance of household or household wealth (V) is equal to the liabilities of firms (or the financial balance of firms, i.e., FB_f), the budget deficit (FB_g) and the current account result (commercial balance and balance of invisibles) (FB_{es}).²⁶¹ In the same way it can be said that the stock of household wealth is the result of the debt transactions of the private, government and externals sectors (Godley and Cripps, 1983, p.299).

The income expenditure identity states that income (Y) is equal to private expenditure of the household and firm sectors (PE), the government expenditure (G) and the difference between foreign

²⁶¹ The model assumes that the business or firm sector is a net debtor.

expenditure on national products (exports, X) and domestic expenditure on foreign products (imports, M). Formally,

$$(3)V = FB_f + FB_{es} + FB_g$$

$$(4)Y = PE + G + B$$

$$\text{Where, } B = X - M$$

The financial balance identity is a balance sheet identity between stocks. It states in other words that household wealth (V) must be equal to the debt stock of the firms, the government debt and the stock of foreign capital. The income-expenditure identity establishes a relationship between flows, the flow of income (Y) equals to the flow of total expenditure.

The third pillar of the model establishes a relationship between stocks and flows, that is, between identities (4) and (5). Following Godley (1983), it states that private expenditure is an endogenous variable that adjusts with a given parameter (say, λ) to household wealth or which is the same thing to the sum of the financial balances of firms, government and the external sector. In this sense in the model stocks act on flows and flows determine stocks in any given period. Formally,

$$(5)(V_{t-1} + V) = \lambda PE \Leftrightarrow PE = (V_{t-1} + V) / \lambda$$

Substitution of (3) into (5) and (5) into (4), yields that the level of income is a function of household wealth, government expenditure and external performance (or net exports). That is,

$$(6)Y = (V_{t-1} + V) / \lambda + G + B \Leftrightarrow ((V_{t-1}) + FB_f + FB_g + FB_{es}) / \lambda + G + B$$

Taking the total differential of Eq. (6), dividing by dt and simplifying we obtain,

$$(7)dY / dt = (1 / \lambda)(dV_{t-1} + dV) / dt + (dG / dt) + (d(X - M) / dt) = \dot{y} = (1 / \lambda)(\dot{v}_{t-1} + \dot{v}_t) + \dot{g} + \dot{x} - \dot{m}$$

Where, $dY / dt = \dot{y}$ = instantaneous rate of growth of income.

Specifying standard equations for T, G, X and M we can obtain a more developed formulation for the rate of growth of income.

The export (X) and import (M) functions are specified using the standard formulation found in balance-of-payments constrained growth literature (MacCombie and Thirlwall, 1994). Formally,

$$(8)X = b(P_d / P_f E)^\eta Z^\epsilon \Leftrightarrow dX / dt = \dot{x} = \eta(\dot{p}_d - \dot{p}_f - \dot{e}) + \epsilon \dot{z}$$

$$(9)M = a(P_f E / P_d)^\psi Y^\pi \Leftrightarrow dM / dt = \dot{m} = \psi(\dot{p}_f + \dot{e} - \dot{p}_d) + \pi \dot{y}$$

Where,

P_d = price of domestic goods

P^f = price of foreign goods

E = nominal exchange rate

Z = external demand for domestic goods and services

η = price elasticity of exports, $\eta < 1$

ε = income elasticity for domestic goods, $\varepsilon > 0$.

ψ = price elasticity of imports, $\psi < 1$

π = income elasticity for foreign goods and services, $\pi > 0$.

Government expenditure is specified as a function of the wage bill and interest payments on domestic and foreign debt. Government revenue is specified as a function of taxes and grants.

$$(10) G = (N)^\omega (r_t B_{t-1})^{(1-\theta)} (r^* e B^*_{t-1})^\theta \Leftrightarrow dG/dt = \dot{g} = \omega \dot{n} + r_t(1-\theta) \dot{b}_{t-1} + r_{ft} \theta e \dot{b}_{ft-1}$$

$$(11) T = gr(Y)^\tau \Leftrightarrow dT/dt = \dot{t} = \tau \dot{y} + gr, \text{ and } 0 < \tau.$$

Where,

N = public employment.

ω = public wage rate.

B_t = government treasury bills.

r_t = domestic interest rate.

r^* = international interest rate.

B^*_t = denotes treasury bills issued in international financial markets.

θ = Share of expenditure on interest payments.

τ = tax elasticity.

gr = grants.

Assuming a fixed exchange rate and constant real exchange rate, substitution of Eqs.(11 to 14) into Eq.(10) yields the following expression for the rate of growth of income \dot{y} (assuming at this stage that $\dot{gr} = 0$),

$$(15) \dot{y} = \left[\dot{v}_{t-1} + f \dot{b}_f + (1+\lambda)(\dot{g} + \dot{x}) \right] / (1+\tau + (1+\lambda)\pi)$$

\Leftrightarrow

$$(16) \dot{y} = \left[\dot{v}_{t-1} + f \dot{b}_f + (1+\lambda)(\dot{g} + \varepsilon \dot{z}) \right] / (1+\tau + (1+\lambda)\pi)$$

\Leftrightarrow

$$(17) \dot{y} = \left[\dot{v}_{t-1} + \dot{f}b_f + (1 + \lambda)(\omega n + r_t(1 - \theta)b_{t-1} + r_{ft}\theta e b_{ft-1} + \varepsilon z) \right] / (1 + \tau + (1 + \lambda)\pi)$$

In the case of the long-run or quasi steady state Eq.(15) is reduced to:²⁶²

$$(18) \dot{y} = (\dot{w}n + \varepsilon \dot{z}) / (\tau + \theta)$$

It is important to note that Eq.(18) provides two limit cases. On the one hand, if $\dot{x} = 0$, the rate of growth of output (\dot{y}) will be driven solely by the relationship between government expenditures (\dot{g}) and the tax elasticity of income. In this case if $\dot{x} = 0$ because a closed economy is assumed, then Eq. (18) merely states that government expenditure is the main driver of growth. If the economy is not closed, a government expenditure led growth will result in growth with explosive debt levels. The policy choices are obvious but very unpleasant, and are reduced to recession or explosive debt growth.

On the other hand, if $\dot{g} = 0$ eq. (18) reduces to Thirlwall's Law.²⁶³ In other words when the rate of growth of government expenditures in the steady state is equal to zero the rate of growth of output is equal to the rate of growth of external demand divided by the domestic and foreign income elasticities of income. Formally,

$$(20) \dot{y} = (\varepsilon \dot{z} / \pi)$$

The system in the 'Quasi Steady State' and CARICOM economic performance

The quasi steady state solution (Eq. 18) provides a reasonable average approximation to the rate of growth of most CARICOM economies (see table below 5). Care should be taken of the fact that in this particular position the external deficit must equal the government deficit. Nonetheless, it has the virtue of having properties that are of important analytical and practical applicability to CARICOM economies.

The most obvious one is that in the quasi- steady state and in the long run, the nature of the growth process and its characteristics depends on the relationship between the fiscal stance and the export performance ratio expressed here as the rate of growth of government expenditure relative to the income tax elasticity and as the rate of growth of exports relative to the income elasticity of imports respectively.

²⁶² Quasi steady states is a term introduced in Godley and Cripps (1983, p.294). It refers to a situation where "stocks of private assets and debts are constant. There may be continuing changes in government debt but these must be accommodated by the rest of the world". As pointed by Oates (1966, p.493) in such a situation the stock of net financial assets is equal to zero and 'whatever financial assets are being injected into the system by the budget deficit are simultaneously drained out by the deficit in the trade balance'.

²⁶³ Thirlwall's Law and in general his approach to growth has been extended in different directions so as to include capital flows, interest payments and remittances. For an extension of Thirlwall's Law applicable to the Caribbean case see, Alleyne, D. and Francis A.A (2007) Balance of Payments Constrained Growth in Developing Countries: A Theoretical Perspective. *Metroeconomica* (Forthcoming, 59 No3 2008). At this stage the point made is that the quasi steady equations derived from the stock-flow framework converge to Thirlwall's Law when the rate of growth of government expenditures is equal to 0.

TABLE 5
CALIBRATING QUASI STEADY STATE POSITIONS FOR CARICOM ECONOMIES
1990-2005 (averages)

	τ	π	\dot{x}	\dot{g}	y^e	y^a
Antigua and Barbuda	1.05	2.2	7.7	6.3	2.8	3.5
Dominica	1.03	2.07	5.6	1.0	0.69	1.3
Grenada	1.01	1.19	2.9	5.8	2.5	3.2
St. Kitts and Nevis	0.87	1.72	8.4	13.4	4.9	4.9
St. Lucia	1.16	1.22	6.2	6.4	2.7	2.3
St. Vincent and the Grenadines	0.68	1.95	6.3	10.2	3.7	3.2
Barbados	1	2.92	2.4	4.5	0.7	1.5
Belize	0.61	2.2	6.5	14.7	5.4	5.0
Guyana	0.53	3.5	9.4	33.8	5.0	3.4
Jamaica	1.11	2	2.2	23.0	1.52	0.99
Suriname	...	...	18.7	6.3	...	...
Trinidad and Tobago	0.8	...	11.2	1.0	...	...
OECS			6.2	7.2	2.88	3.07
CARICOM a/			7.3	10.5	2.99	2.93
CARICOM b/			6.9	11.4	2.99	2.93

Note: ... denotes not available. The results presented are the authors' own computations based on official data. The values for the parameters π and τ were obtained with econometric techniques. The actual growth levels may differ than those of table 1 as these are not expressed in per capita terms.

... denotes not available.

Both increases in the fiscal stance and in the export performance ratio lead to higher growth. However, if the fiscal stance happens to be greater than the export performance ratio on a continuous basis the growth process is unsustainable because it is accompanied by a twin deficit situation and increased indebtedness. As shown in Figure 8 below and Table 3 this is the case of CARICOM economies. Formally,

$$(21) \dot{g}/\tau > \dot{y} > \dot{x}/\varepsilon$$

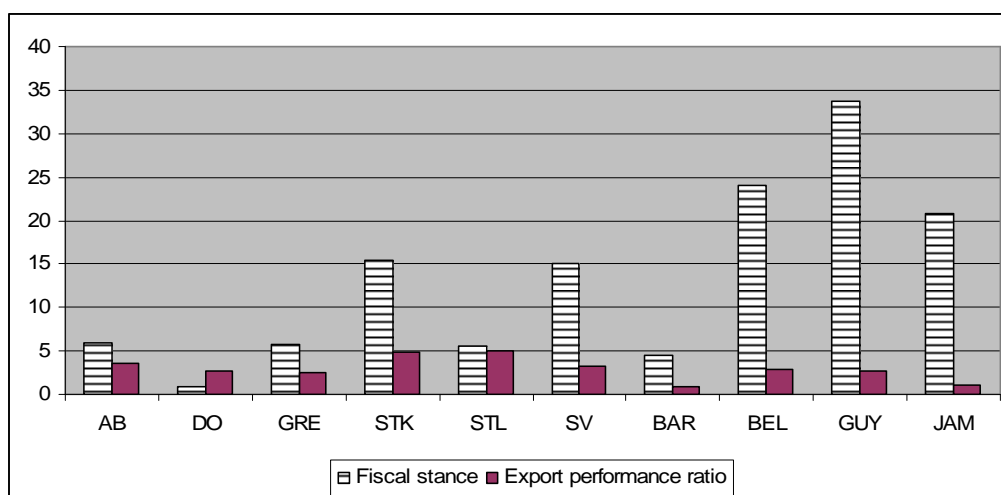
$$\Leftrightarrow \dot{g}/\tau > \dot{y} \Leftrightarrow dg/dt > (dy/dt)(dT/dy) \Leftrightarrow dg/dt > dT/dt \text{ (fiscal deficit)}$$

and

$$\Leftrightarrow \dot{y} > \dot{x}/\varepsilon \Leftrightarrow (dy/dt)(dM/dy) > dX/dt \Leftrightarrow dM/dt > dX/dt \text{ (external deficit)}$$

All CARICOM countries with the exception of Antigua and Barbuda, St. Kitts and Nevis, and St. Vincent and the Grenadines adopted an increasingly expansionary fiscal stance roughly close to the second half of the 1990's decade. Antigua and Barbuda, St. Kitts and Nevis, and St. Vincent and the Grenadines increased their fiscal stance in the middle of the 1980's. Further all countries witnessed an acceleration of the fiscal stance towards the end of the 1990's.

FIGURE 8
THE RELATIONSHIP BETWEEN THE FISCAL STANCE AND EXPORT PERFORMANCE
RATIO FOR CARICOM ECONOMIES, 1990-2005
(Averages)



The behaviour of the fiscal stance was mainly driven by government expenditures as the taxation levels, with independence of the some of the reforms adopted, remained with a few exceptions, constant. The behaviour of the fiscal stance was sustained in most cases by increases in both current and capital expenditures.

At the same time as the fiscal stance expanded, the current account position of Caribbean countries deteriorated. In fact the current account started to deteriorate at the same time that the fiscal stance became expansionary. On average the current account deficit increased from 11% of GDP in 1991 to -18% in 2005.

The worsening of CARICOM's export performance is reflected in the loss of market share in its major export markets both in goods and tourist services. Between 1985 and 2002, the export market share of Caribbean countries in regional trading blocs such as NAFTA and the EU (Western Europe), has decreased from 0.71% to 0.27% and from 0.15% to 0.10% respectively.²⁶⁴

From this follows that an expansionary fiscal policy will be successful in increasing the long term growth rate to the extent that the external sector will permit (Godley and Cripps, 1983, p.283). In this sense the external sector is the binding constraint to long-run growth of an economy because it sets the limit to the effects of fiscal policy or any other policy on growth. More to the point it captures the essence of the idea behind balance-of-payments constrained growth. That is: "countries are balance-of-payments constrained when their performance in overseas markets, and the response of the world financial markets to this performance, constrains the rate of growth of the economy to a rate which is below that which internal conditions would warrant" (McCombie and Thirlwall, 1999, p.49).

This means that any country that does not issue the international reserve currency is by definition balance-of-payments constrained even if as in the case of Trinidad and Tobago the country

²⁶⁴ It is also noteworthy to indicate that the deterioration in export performance reflects both the goods and services sector. An analysis of the process leading to an accumulation of debt and the under-performance of exports is outside the scope of this paper but is analysed in Pérez, E.(2004) *The Standard Approach to Stabilisation and its Implications for Smaller Economies in Ramsaran R. The Fiscal Experience in the Caribbean. Emerging Issues and Problems. The Caribbean Center for Monetary Studies (The University of the West Indies, St. Augustine)* and in *Effects and Implications of the Common Market and Single Economy (CSME) on the Member States of the Organisation of Eastern Caribbean States (OECS) the Utilization of Chapter 7 of the Treaty of Chaguaramas. ECLAC. LC/CAR/R.83. 15 August 2005.*

had an external account surplus. An external account surplus simply means that the country can grow above the rate of growth corresponding to a balance-of-payments equilibrium.

Since the external constraint arises because countries cannot issue the international reserve currency and must obtain the currency to develop (by importing inputs and raw materials), monetary factors set in fact the limit to the growth rate of an economy. In this sense, the international financial architecture provides the framework for the workings of ‘real forces’. Indeed, were there no external constraints, countries could pursue full employment policies through fiscal policy, or proposals such as an international clearing union or a regional monetary institution or regional fund.

In the same vein, any attempt at fiscal reform must take into account the behavior of the external sector. A fiscal reform that results in a contraction of the fiscal stance below that of the export performance ratio can be successful as long as the export performance ratio increases or remains at that level. If for any reason, say an external shock, the export performance ratio declines, the fiscal reform will not live to its promise. The fact of not taking into account the external sector in fiscal policy formulations is from the point of view of this paper the main reasons that explain the lack of success of most attempts at fiscal reform and basically the reason why it remains a perennial subject.

The implications derived from the analysis of the stock-flow consistent system complement the whole notion of balance-of-payments constrained growth. Underlying the notion of balance-of-payments growth is the fact that consumption, investment or even for that matter government induced growth cannot be sustained over time because these are ultimately dependent on income. On the other hand, exports can be the linchpin for a sustained growth trajectory because exports are ‘*de facto*’ the only exogenous variable. In fact as clearly shown by Eqs.(15) to (17) all variables with the exception of exports are endogenous in one way or the other to the economic system including government expenditure.

This does not mean however, that countries should pursue an export led growth strategy. The limitations are well illustrated in the literature. It means rather that the external conditions must provide the necessary room or leeway for economies to grow. It is in this sense that the analysis here presented is consistent with a balance-of-payments growth constraint growth approach.

Within this framework a balance of payments equilibrium is equivalent to fiscal equilibrium. Indeed, balance of payments equilibrium implies that the fiscal accounts should also be balanced. This is the situation of the full steady state characterized formally by,

$$(22) FB_g = 0; FB_{es} = 0; G/\tau = X/\pi \Leftrightarrow G/X = \tau/\pi \Leftrightarrow G/X = T/M$$

Some formulation of the balance of payments constrained literature use such a framework. But this is far from being generally the case. The balance of payments framework is equally applicable under a situation of deficit (McCombie and Thirlwall, 1994 and Moreno-Brid (1999)). In other words fulfilling a constraint is not equivalent to fulfilling an equilibrium condition. That is,

$$(23) G/\tau > X/\pi \Leftrightarrow G/X > \tau/\theta \Leftrightarrow G/X > T/M$$

The system and its workings outside the steady state in the case of an increase in government expenditures

In order to understand the dynamics of the system set out above and its application and relevance to CARICOM it is necessary to analyze the evolution of the system from one position of steady state to another and examine its behaviour outside the steady state. This implies not only the specification of the transmission mechanism but also to derive the stability conditions.

Outside the steady state, an economy can grow not only due mainly to changes in exports and in government revenue but also due to variations in stock positions such as private debt, capital flows

and government debt (Eq.(24) below). In turn changes in the flow of income affect the stock position of the private sector (Eq.(25), below under $\dot{fb}_{f-1} = 0$).

$$(24) \dot{y} = \left[\dot{v}_{t-1} + \dot{fb}_f + (1+\lambda)(\dot{g} + \dot{x}) \right] / (1+\tau + (1+\lambda)\pi)$$

$$(25) \dot{v}_{t-1} = \dot{fb}_{f-1} + \dot{fb}_{est-1} + \dot{fb}_{gt-1} = (\dot{x}_{t-1} - \pi \dot{y}_{t-1}) + (\dot{g}_{t-1} - \tau \dot{y}_{t-1})$$

The stability conditions are derived by substituting Eq.(25) into Eq.(24), which yields a first order difference non-homogenous equation. In this particular case the non-homogeneous term is a function of time. Formally,

$$(26) \dot{y}_t + \dot{y}_{t-1} [(\tau + \pi)/(1+\tau) + (1+\lambda)\pi] = [1/((1+\tau) + (1+\lambda)\pi)] (\dot{g}_{t-1} + (1+\lambda)\dot{g}_t) + (\dot{x}_{t-1} + (1+\lambda)\dot{x}_t)$$

The standard derivation of stability conditions under this particular case state that \dot{y}_t will follow a bounded sequence if $(\tau + \pi)/(1+\tau) + (1+\lambda)\pi < 1$ in absolute value which is the present case (Gandolfo, 1980, p.26).

If given a set of parameters the income flows are such that $\dot{fb}_{est-1} < 0$ and $> \dot{fb}_{gt-1}$ in absolute value which is the case of CARICOM, $\dot{v}_{t-1} > 0$. In other words, when the external deficit exceeds the fiscal deficit, the economy is being deprived of assets and stocks have a dampening and eventually contractionary effect on the rate of growth of output. In this sense, the particular case of a twin situation deficit where the external deficit is greater than the fiscal deficit results via the effects of stocks on flows in lower growth accompanied by increased indebtedness.

This scenario which characterizes the growth patterns of CARICOM economies is simulated for one of the OECS economies of CARICOM using real data and calibrated parameters. The scenario is treated as a series of sequence of events starting with a quasi steady state position. The quasi steady state position is disturbed by an increase in government expenditures (i.e., a rise in the fiscal stance).²⁶⁵

The first immediate consequence of an increase in the rate of growth of government expenditure is a positive effect on the rate of growth of output. The effect of the rise in government expenditure on the rate of growth of output will be equal to:

$$(27) d \dot{y} / d \dot{g} = [(1+\lambda)] / (1+\tau + (1+\lambda)\pi)$$

The effect of government expenditure will depend on three parameters, λ, τ, π . The shorter (the longer) is the lag between stocks and flows, the smaller the tax-to-GDP ratio and the marginal propensity to import, the more potent the effect of government expenditure on the rate of growth of output. This is shown in table 6 below which starts with a λ equal to 0.5 and a π equal to 1.4 and proceeds to increase λ and reduce π .

²⁶⁵ The analysis of positions outside the steady state can contemplate changes in key interest rates and nominal exchange rates. However, in the case of smaller economies adjustments tend to occur through the fiscal side. In general most smaller economies, especially those of CARICOM, have little flexibility to use the exchange rate as an adjusting variable.

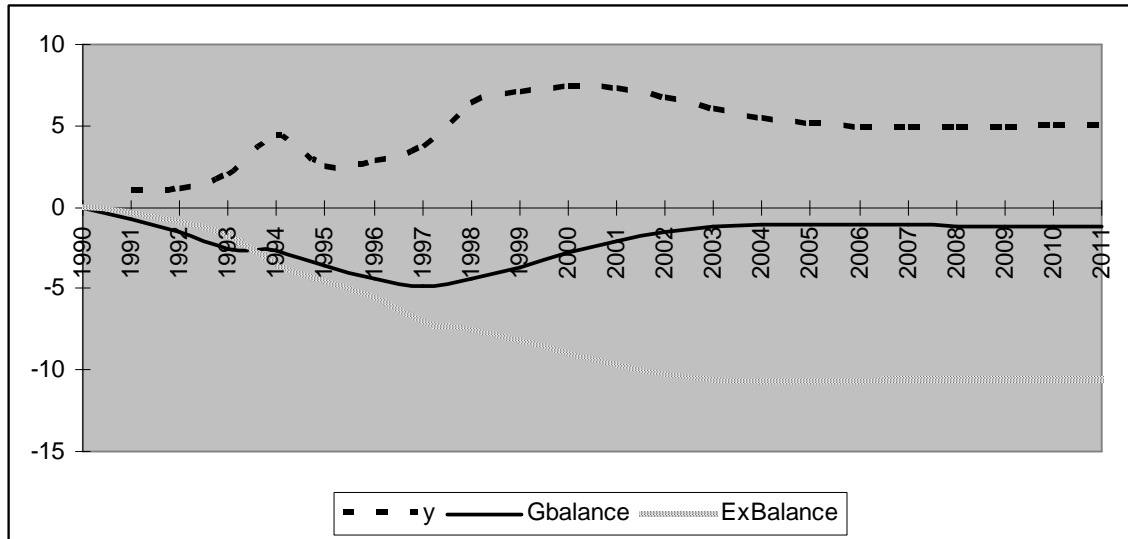
TABLE 6
CHANGES IN THE BASIC PARAMETERS OF EQ.(15)

λ	τ	π	$d y / d g$
0.5	1.02	1.4	0.364078
0.7	1.02	1.3	0.401891
0.9	1.02	1.2	0.44186
1.1	1.02	1.1	0.484988

As output increases, imports of goods and services will follow according to the income elasticity of imports. If the rate of growth of exports does not change, the rise in the imports of goods and services will result in a deficit in the current account. At the same time, the consequent rise in government receipts will partly offset the rise in government expenditure. The extent to which government receipts can offset government expenditures will depend on the magnitude of the tax elasticity parameter τ .

This is the standard flow story. Whether the increase in the rate of growth of government expenditures can have further effects on the rate of growth of output will depend on the fiscal and the external balances and their net contribution to the generation of wealth of the household sector (v_t), that is it will depend on its effect on stocks.

FIGURE 9
SIMULATION OF MODEL WITH CONSTANT RATE OF GROWTH
OF GOVERNMENT EXPENDITURES, 1990-2011



When the government debt resulting from the budget deficit exceeds over time the deficit in the current account, the rate of growth of government expenditures will have a positive effect on the generation of household wealth (see Eq.3 above). Given the relationship between wealth and expenditure (Eq.5) above, this in turn will translate into higher expenditure and growth. The effect of government expenditure on growth will eventually dampen as the external sector generates deficits on an on going basis.

This sequence of events is shown in figure 9 above. The model uses the following values for the parameters, $\lambda=1$; $\tau = 1.02$; $\pi = 1.2$. Starting from a quasi steady state situation, an increase in the rate of growth of government expenditures has a positive effect on the rate of growth of the economy. As imports rise and the external balance reaches a deficit and surpasses the government deficit, the positive effect of the value of private stocks on growth dampens the rate of growth of income trajectory.

In addition, the growth trajectory becomes unsustainable as the deficit in the government and external sector balance translates into a cumulating debt stock.

Some preliminary conclusions

This paper presents an interpretation of growth performance in CARICOM during the 1990's decade. The analysis builds on two traditions that of consistent stock-flow modelling and the balance-of-payments constraint approach to growth. The analysis is undertaken both at the quasi steady state level and outside steady positions. To this end, the paper develops a model from three relationships, a national income account flow identity, a stock identity and a relationship between flows and stocks.

In the steady state the model states that the rate of growth of income is determined by a combination of the fiscal stance and the export performance ratio. Outside steady state positions, the model incorporates in a fuller way the relationship between flows and stocks. An increase in flow magnitudes, have an effect on stocks through the government, external and private balances. In turn these feed back on flows. The extent to which the variation in stocks adds or subtracts from a given level of end-period stocks determine the evolution of the model.

The paper argues that growth in CARICOM was sustained mainly by government expenditure and to a lesser extent private demand (although private demand was a very important source of demand growth in some economies such as the OECS and Barbados).

At the same time for the bulk of the economies under study, the external sector registered a deficit position which for the period 1998-2005 which surpassed that of the government. As a result, the effect of government expenditure on the rate of growth was dampened by the leakages produced by the external sector. In addition, the deficit position of the government sector coupled with that of the external sector and in some cases private sector resulted in an increase in the debt stock levels for the Caribbean.

From here it follows that government expenditures do not necessarily result in low growth or high debt levels. The outcome depends on the interaction between government, external, and the private sector, an interaction that is the basis for stock-flow modelling.

The model and conclusions here presented are meant as a starting point for the discussion on economic performance and macroeconomic disequilibria that have characterized most of CARICOM economies during the 1990's decade. As the framework used is an aggregate framework it does not discuss more microeconomic issues related to firm structure, behaviour and performance (James, 2006). However, the approach can be used for this purpose as it is a contingent historical and dynamic approach.

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Trade liberalisation, trade performance and competitiveness in the Caribbean

Michael Hendrickson

Abstract

This paper seeks to encourage debate on a number of issues and puzzles relating to trade liberalisation and trade outcomes and competitiveness. These issues include:

- (a) What are some of the key drivers of ex-ante and ex-post competitiveness and how do these relate to standard specialisation based on comparative advantage?
- (b) What are the structural and institutional requirements for transformation that would secure dynamic competitiveness?
- (c) Why have some of the most faithful liberalisers been some of the worst performers in terms of growth and trade performance?
- (d) Is this failure simply a matter of sequencing of reforms and institutional and other constraints or is there a problem with trade liberalisation itself?
- (e) Is there a need for Caribbean economies to adopt a more balanced economic model and strategic mixture of export-led and domestic import competing led growth?
- (f) Is there a role for strategic industrial policy in the Caribbean and what is the role of the State in such a strategy?

Introduction

The Caribbean is at a crossroads in its development. It is grappling with what is the best development model to catalyse structural transformation, competitiveness of its production and exchange, long-term growth, high and good quality employment of its workforce and overall high living standards within a framework of equity and sustainable management of environmental resources. The earlier period of import substitution industrialisation (ISI), although it led to spurts of growth, was unable to sustain

high growth and economic dynamism in the region. This stemmed in part both from the logic of the model and also its mode of implementation. From the point of logic, the model failed to give sufficient weight to the beneficial effects of trade and openness as potential drivers of growth and economic change. Meanwhile, in terms of implementation, unlike some of the Asian tiger economies, which changed specialisation to goods and services at the frontier of world demand, the Caribbean continued to specialise based on static comparative advantage in traditional commodities such as sugar, bananas, rice, bauxite and petroleum products, with very little value added and product differentiation. Therefore, the use of some of the good aspects of the ISI model such as cultivating dynamic infant industries, that would grow up into mature cutting-edge activities capable of capturing and maintaining competitive market share on regional and international markets was little realised.

Since the neoclassical counter revolution of the 1980s, there has been a roll-back of development economics and specifically ISI strategies of development in the Caribbean and many regions of the world. The old approach has been replaced by a new one based on open markets and liberal economic policy for catalysing growth and economic adjustment. Coined the ‘Washington consensus’, the new paradigm was built on trade and financial liberalisation, privatisation, fiscal and monetary prudence, flexible labour and input markets and a stable correctly valued exchange rate²⁶⁶. With the new model, trade liberalisation, long a cornerstone of liberalism has re-emerged as a champion pillar for accelerating structural change, improved trade performance and the competitiveness of economies. Importantly, for small economies such as those of the Caribbean, the model is essentially an export-led growth model and open trade is seen as key to its success. In fact, along with the information and communications revolution and liberalisation of finance and capital flows, trade liberalisation is a major plank of the current phase of globalisation.

Caribbean economies adopted liberal²⁶⁷ trade policies in the latter 1980s and 1990s often as conditionalities for accessing finance from the International Monetary Fund (IMF) and World Bank in the wake of macroeconomic disequilibrium. Later, due in part to the dominance of the new model, countries have been persuaded of the key role of open trade and integration into the world economy as a driver of growth and development. The key logic is that for small open economies, the size of the domestic market is simply too small to capture the benefits of economies of scale, necessitating exports and production is too specialised, thus making a wide range of imports necessary for growth. To facilitate an orderly integration, the Caribbean Community (CARICOM) has adopted an open regionalism model premised on concentric circles of liberalisation beginning with the regional market and moving outward to the international market as a strategy for galvanising competitiveness. Specifically, the export-led growth model has shifted the emphasis towards exports rather than import-substituting activities as the catalyst for growth and for alleviating the foreign exchange constraint of the region. In this regard, the hope is that trade liberalisation through its many potentially beneficial effects will stimulate dynamic systems of production and exchange, increase market share in activities that face price and income elastic demand in world markets and thereby provide a major impetus to higher living standards in the region.

This study provides an analysis of links between trade liberalisation, trade performance and competitiveness in the Caribbean. The study takes an eclectic approach, borrowing from different strands of theory and empirical findings, where necessary. Nevertheless from a broad conceptual frame of reference, an effort is made to analyse the structural, institutional and market (demand and supply) factors that impinge on trade performance and competitiveness outcomes in the region. This approach, it is believed, provides the most relevance for analysing the real world situation in the Caribbean, where the underlying structure and logic of the economy, complemented by institutional

²⁶⁶ An overvalued exchange rate was deemed an important imbalance in the economy that could lead to misallocation of resources between activities, facilitating rent-seeking and also dampening exports by weakening price competitiveness.

²⁶⁷ For a number of Caribbean economies, the adoption of liberal market policies was based partly on faith in the capacity of these policies to deliver high growth and improved living standards and partly on conditionalities imposed on countries that adopted IMF and World Bank-type economic reform and structural adjustment programmes such as Jamaica and Trinidad and Tobago.

arrangements, hold the potential for thwarting or catalysing improved production, exchange, competitiveness and structural transformation.

The study seeks to encourage debate on a number of issues and puzzles relating to trade liberalisation and trade outcomes and competitiveness. These issues include:

(a) What are some of the key drivers of ex-ante and ex-post competitiveness and how do these relate to standard specialisation based on comparative advantage?

(b) What are the structural and institutional requirements for transformation that would secure dynamic competitiveness?

(c) Why have some of the most faithful liberalisers been some of the worst performers in terms of growth and trade performance?

(d) Is this failure simply a matter of sequencing of reforms and institutional and other constraints or is there a problem with trade liberalisation itself?

(e) Is there a need for Caribbean economies to adopt a more balanced economic model and a strategic mixture of export-led and domestic import competing led growth?

(f) Is there a role for strategic industrial policy in the Caribbean and what is the role of the State in such a strategy?

The study is divided into six sections. The opening section introduces the study by providing a broad context to trade liberalisation and competitiveness. Section I outlines the underlying rationale for trade liberalisation, noting the established benefits and some drawbacks. Section II will examine the Caribbean experience with trade liberalisation in terms of how the process was undertaken. Section III evaluates the link between trade liberalisation and trade performance, especially the opportunities and constraints from the process. Section IV provides an analysis of the relationship between trade liberalisation and competitiveness of regional producers. Finally, Section V highlights some recommendations and policy issues for consideration.

The rationale for trade liberalisation

As with a number of critical issues in economics, trade liberalisation has been met with pro and counter claims. Broadly, trade liberalisation entails the progressive removal of restrictions on trade and the replacement of quantitative restrictions, such as quotas, with tariffs; the reduction of these; lower variance in the levels of protection across sectors and activities; and increased market orientation and transparency of trade policy.²⁶⁸ Although it is often difficult to draw the line between them, trade liberalisation is intrinsically linked to economic openness, which is premised on open markets and liberal economic policies in the domestic economy.

Trade liberalisation can benefit a country in a number of important ways:

(a) Improved allocation of resources to activities that optimise social marginal benefits and minimise social marginal costs;

(b) The expanded market consequent on liberalisation provides access to better quality technologies, managerial and organizational skills, inputs and intermediate goods that could facilitate the modernisation and transformation of production and trading structures;

(c) By enhancing the economies' ability to take advantage of economies of scale and scope;

²⁶⁸ See Rajapatirani, S. (1995). "Post-Trade Liberalisation Policy and Institutional Challenges in Latin America and the Caribbean." Policy Research Working Paper 1456. Washington, DC, The World Bank, Latin America and the Caribbean Technical Department, Advisory Group, May.

(d) Improved disciplining effect of domestic competition that forces local producers to move their production systems close to the world standards to survive;

(e) Positive growth and restructuring externalities, including the transfer of know-how, and Schumpeterian creative destruction that allow new dynamic firms to arise to drive growth.

For example, the World Trade Organization (WTO) has estimated that in a model with increasing returns to scale and monopolistic competition, liberalisation was forecasted to lead to a 23.5 per cent increase in world trade in 2005 (see table 1). Under this same scenario, developing countries were expected to realise over 36 per cent increase in trade.

TABLE 1
ESTIMATED INCREASE IN MERCHANDISE EXPORTS IN 2005* VERSION OF THE MODEL

Description	Version 1	Version 2	Version 3	Actual Value of Exports
World	8.6	9.6	23.5	2843
USA	7.5	8.2	21.7	448.2
Canada	5.3	6.1	16.6	134.1
Australia & New Zealand	8.4	9	24	52.3
Japan	7.5	8	18.3	339.9
Developing Economies	13.7	15.3	36.7	906.4
#				
China	6.1	8.4	26.5	85

Source: CUTS International, (1998), "Trade Liberalisation, Market Access and Non-Tariff Barriers", Briefing Paper, April, No. 4

Note:* Excluding intra-European Union trade and including trade in petroleum, and the unit is in per cent, in 1992 (and in \$bn), # including transition economies, Version 1: assumes constant returns to scale and perfect competition, Version 2: assumes increasing returns to scale in industrial sectors and perfect competition, Version 3: assumes increasing returns to scale and monopolistic competition in industrial sectors

Source: Market Access for Goods and Services: Overview of the Results, GATT Secretariat, Geneva, November, 1994.

Nevertheless, objections have been raised to the proposed net benefits of trade liberalisation, particularly for small developing economies which are price takers, which face inelastic demand for their exports in international markets and weak bargaining power in trade negotiations. For these countries, it is argued that import liberalisation, especially when done rapidly often leads to the intense competition and the death of a number of firms in developing countries without the Schumpeterian creation of new firms to take their place. This on average leads to fall in incomes and unemployment and growing levels of inequality. Second, trade liberalisation sometimes leads to a fall in the price of exports relative to imports and this might take place over a fairly long period of time resulting in a structural decline in the terms of trade of some developing countries, as in many highly indebted African countries.

On the domestic front, developing countries often lack the economies of scale and scope to penetrate external markets. Therefore, market access does not imply the ability to capture market share for products and services. In effect, trade liberalisation without measures to increase supply capacity and quality is simply providing market access without countries that might not have any

products to trade. This has been acknowledged by the WTO, which has in recent times placed greater emphasis on trade facilitation and capacity-building measures.

Trade liberalisation: The Caribbean experience

Most Caribbean countries have undergone fairly wide-ranging trade liberalisation involving significant elimination of quantitative, price and qualitative barriers to trade. Pursuit of this strategy has stemmed in part from the belief that liberalisation will drive competition, efficiency, growth in exports and cheaper imports, especially inputs into the production process. Trade liberalisation in the region has run along two tracks, each influencing the other. At the regional level, integration under the CARICOM Single Market and Economy (CSME) had led to the removal of trade barriers as a strategy for increasing regional trade, investment and production integration.

As in other regional arrangements, regional trade liberalisation began with the elimination of quotas and other quantitative restrictions on trade in goods. The system of import licensing has also been drastically reduced for community goods.

In a strong move towards tariff harmonisation, the common external tariff (CET) was established in 1991, to present fairly uniform tariff levels to countries outside the grouping. Initially, tariffs were to be reduced from a ceiling of 70 per cent to 20 per cent. To cushion the impact of the CET, especially for countries that were heavily dependent on trade tax revenue, the authorities proposed a four-phased reduction in tariffs.

Moreover, a distinction was made between competing and non-competing imports, with the former bearing the highest tariffs and the latter the lowest. Agriculture was also most heavily protected given its vulnerability to external competition, importance to employment and foreign exchange generation. The tariff on agricultural products was set at 40 per cent; while inputs into domestic agriculture attracted a zero (0) tariff.

Importantly, the safeguard mechanism allows the use of extraregional materials where supplies in the region are insufficient or unavailable altogether, without breaching the rules of origin. This is a tacit acceptance of the supply side bottlenecks that are faced by the region. Although the safeguard mechanism has been widely used to source foreign supplies of food, spices and wood products, this has been done mainly by the larger economies such as Trinidad and Tobago and Jamaica, where scale economies permit the development of a more vibrant manufacturing sector. The exception in the Organisation of Eastern Caribbean States (OECS) has been Saint Lucia which has also made wide use of the provision.

Liberalisation at the international level

On the external front, Caribbean countries were caught up in the new neo-liberal paradigm that has become the orthodoxy since the 1980s. The cornerstone of this so-called 'Washington consensus' are open markets and the roll-back of the role of the State in the economy. Stemming from these two broad doctrines are secondary principles including trade and financial liberalisation, privatisation and public sector reform, deregulation and macroeconomic policy reform, which conform to the dominant role of the market and the private sector in the economy. It is important to note that outlining these reforms says nothing of their credibility and relevance as a development paradigm for countries. Indeed, many of the market incentives are progressive and do help countries to progress, although, like most policy decisions there are shortcomings that should be addressed.

Caribbean economies can be described as 'reluctant liberalisers'. The region did not readily jump onto the bandwagon of liberalisation when it became fashion in the Organization for Economic Cooperation and Development (OECD) countries in the early 1980s. Indeed, most countries in the region still showed a distinct preference for ISI policies that sought to develop infant industries behind high tariff walls and State incentives such as tax holidays, duty free concessions and accelerated

depreciation allowances. In the early stages, ISI delivered commendable growth rates, linked mainly to increased capital accumulation and presaging factors of production into activity. In fact, given the underdeveloped private sector, entrepreneurial opportunities for production and trade were often untapped, providing an opportunity for production by the State in some activities. However, unlike what Sir Arthur Lewis had advocated, the model focused on production of import-competing goods for the domestic market rather than for exports. With the small size of the regional market and the production inefficiencies inherent in production behind protective walls, the ISI model led to a fairly rapid slowing of the growth stimulus. By the 1980s, most Caribbean economies were in macroeconomic disequilibrium evidenced by fiscal and balance of payments current account deficits, high inflation, unsustainable levels of external debt and sluggish growth.

Trade and financial sector liberalisation were core components of economic reform and structural adjustment programmes, as countries were encouraged to adopt an export-led growth model to replace the dirigiste ISI model, which was deemed a failure. The first major plank of the trade liberalisation programme was tariffication²⁶⁹ - the conversion of quotas and licensing arrangements to tariffs. Although not a precise science, it is well noted that tariffs are less trade and production distorting than quotas and licensing arrangements. The CET has been a major plank of the more liberal trade regime, with average tariffs falling from around 70 per cent to 20 per cent for most commodities, except agriculture which will attract a tariff of 40 per cent.

Using an index of trade restrictiveness that compares countries according to the extent of trade barriers, the timing and intensity of trade liberalisation, Loser and Gerguil²⁷⁰ state that Latin America and the Caribbean had moved about 6 points on a 10-point scale during the decade of the 1990s with most countries moving from a restrictiveness level of 10 in the 1980s to 4-5 by 1998. This indicates that the region has liberalised its trading regime substantially in the last decade and a half. Moreover, non-tariff barriers which affected an estimated 40 per cent of imports in the mid 1980s, affected only 11 per cent in 1997.

An important aspect of forced liberalisation has been the erosion of preferential trading arrangements that have long protected Caribbean commodity producers, especially for sugar, bananas and rice. The overhaul of the European Union (EU) preferential trading regime for African, Caribbean, Pacific (ACP) countries and its full replacement with the Economic Partnership Agreement (EPA) will bring to a close a long-standing relation of non-reciprocal trade preferences. Regional producers will no longer benefit from non-reciprocal guaranteed quotas and above world market prices for their commodities, and will be forced to compete based on productivity, efficiency, product quality and prices. This will demand a major restructuring and reform of production systems to make them competitive and efficient. However, there is also the avenue of alternative products such as methanol and fuel co-generation from sugar production which is being explored by Jamaica and Guyana.

Trade performance in the Caribbean: Opportunities and constraints

Intraregional trade

Trade has not provided the catalyst for growth and structural transformation that would have been expected in the Caribbean, for countries that are so heavily dependent on trade. Unlike East Asia where trade has been a major catalyst for growth, the impact of trade on growth in the Caribbean has been limited.

²⁶⁹ Tariffication presented problems of exactly how to convert non-tariff barriers into tariff equivalents, and in a number of cases countries offered inflated equivalents referred to as 'water in the tariff'.

²⁷⁰ See Loser, Claudio and Gerguil Martine (1999), "Trade and Trade Reform in Latin America and the Caribbean in the 1990s", *Journal of Applied Economics*, Vol. II, No. 1 (May), 61-96.

Based purely on past performance, intraregional trade does not appear to provide a sound rationale for integration under the CSME. The reality is that underlying historical and structural patterns has led to a strong extraregional orientation in trade. Indeed, average intraregional imports as a percentage of total imports increased only marginally (by 1.6 per cent) from 15.7 per cent between 1995-1999, to 17.4 per cent between 2000 and 2004. In fact, growth in imports between the two periods was significant only for a few countries, including Guyana (6.89 per cent), Barbados (6.06 per cent), Dominica (3.5 per cent) and St. Vincent and the Grenadines (3.4 per cent). Growth rates for the other countries were 3 per cent or less with some countries, such as Trinidad and Tobago and Grenada, actually experiencing negative growth rates. This was very modest growth compared with other trading blocs.

Similarly, average intraregional exports increased by less than 2 per cent from 26.68 per cent between 1995-1999 to 28.35 per cent between 2000 and 2004. The regional market for exports became more important for a number of countries over the two periods, including Barbados, Guyana and some OECS countries such as Dominica and St. Vincent and the Grenadines, reflecting in part the relative loss of market share on the international market. A number of the banana-producing OECS countries have lost market share with the erosion of preferences, which could account in part for the increase in the relative weight of regional exports in their total exports, which means that they have not gained any absolute increase in market share on regional market.

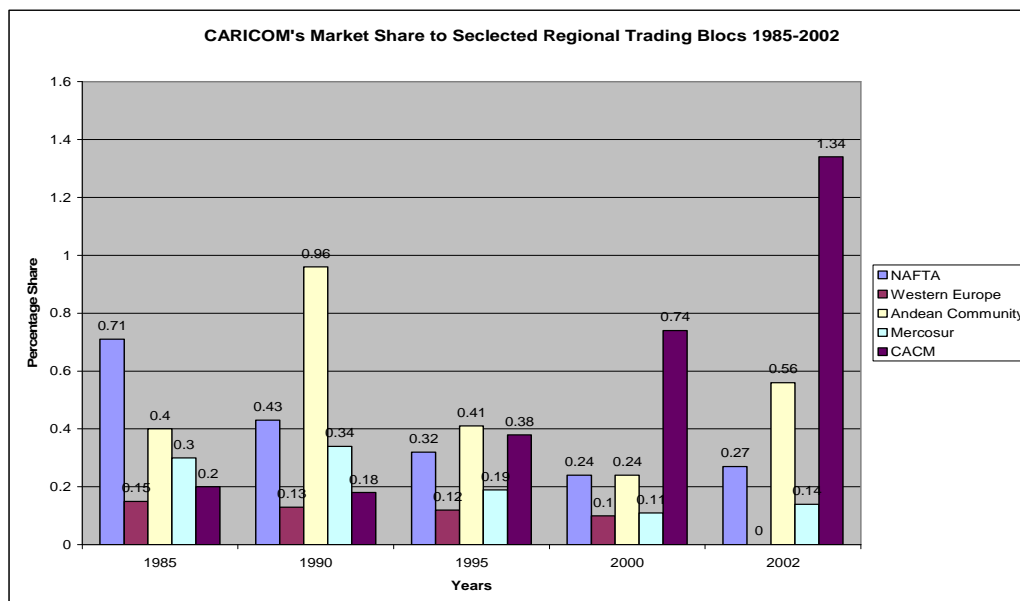
Given the importance of extraregional trade to growth and development in the Caribbean, a multifaceted approach using various indicators to measure trade performance could provide insights for improving trade policy and focus.

Extraregional trade performance

An outstanding feature of Caribbean extraregional trade is its level of concentration by region and product composition. With the declining importance of traditional agricultural commodities, including sugar, bananas and coffee in the region's trade structure and the relative growth in importance of North America in the world economy, Caribbean trade has shifted towards that region at the expense of Europe. The high concentration of exports is shown by the fact that exports to principal destinations in the west, including the North American Free Trade Area (NAFTA) and Latin America, declined only slightly from an average of 84.7 per cent of total exports between 1995-1999 to 82.4 per cent between 2000 and 2004. The concentration of exports to NAFTA increased over the last decade, with its share in CARICOM exports rising from 48.7 per cent between 1995-1999 to 51.2 per cent between 2000 and 2004. During the comparative periods, exports to the United States expanded from 41 per cent to 44.6 per cent, while exports to both Canada and Mexico registered modest declines. Reflecting CARICOM's lacklustre performance on the Latin American market, exports to the Latin American Integration Association (LAIA) contracted from 4.9 per cent in the first half to 2.8 per cent in the second half of the decade to 2004. Underscoring its weak competitiveness performance, CARICOM was not able to maintain its exports share in any of the sub-groups of countries in the LAIA region.

As figure 1 shows, CARICOM has lost market share in its goods trade in all major markets except the Andean Community and the Central American Common Market (CACM) between 1985 and 2002. Notably, the market share for Western Europe and NAFTA, both of which provide preferential treatment for a range of goods including agricultural commodities and specified manufactured goods, declined from 0.15 per cent to 0.1 per cent and 0.71 per cent to 0.27 per cent, respectively. This implies that although preferences have been useful in maintaining living standards for producers, such as farmers and small manufacturers in the region, the failure to restructure these production systems to raise their price and quality competitiveness relative to external competitors have led to an erosion of regional market share in them.

FIGURE 1
CARICOM'S MARKET SHARE TO SELECTED REGIONAL TRADING BLOCS 1985-2002



Source: Competitive Analysis of Nations (2002) and WITS (2005)

The production composition of trade is critical for the region, as it indicates patterns of structural change and diversification that are critical to competitive market penetration.

Factors explaining trade evolution and patterns

A country's trade pattern and growth are influenced by a number of factors including natural resource endowment, geography (distance from and socio-cultural affinity with trading partners), trade barriers (tariffs and non-tariff barriers (NTBs)), transport costs and other factors, including membership of regional integration arrangements, preferential trading arrangements, among others. In analysis for OECD countries, Baier and Bergstrand²⁷¹ find that income growth explains 67 per cent of the growth in world trade, tariff reductions 25 per cent and transport cost reductions 8 per cent. Although the main factors driving trade and the relative weights might be different for developing countries, such as the Caribbean, the three factors listed are expected to be quite important.

In the Caribbean historical links and preferential arrangements arising out of those links with Europe in particular, have long explained many of the trade in traditional commodities, notably sugar, bananas, rum and rice.

Trade balance with the EU

The balance of trade provides a crude, but useful indicator of trade performance in the post-liberalisation period. The average merchandise trade deficit for CARICOM increased by over 117 per cent between 1995-1999 and 2000-2004, from an average of US\$301.3 million between 1995 and 1999 to US\$655 million between 2000 and 2004. The trade deficit expanded in all member States with the exceptions of Guyana, Jamaica, Belize and St. Vincent and the Grenadines. Both Guyana and

²⁷¹ See Baier, Scott, L. and Bergstrand, Jeffrey, H., (2001), "The Growth of World Trade: Tariffs, Transport Costs and Income Similarity, *Journal of International Economics*, Vol. 53, Issue 1, February, PP 1-27

Jamaica recorded average merchandise trade surpluses over the period, although the surplus declined sharply in Jamaica in the latter period, but much less so for Guyana. In contrast to its dynamic trade position with the United States, Trinidad and Tobago registered a sizeable average trade deficit with the EU over the two periods. Indeed, its average trade deficit increased by over 108 per cent between 1995-1999 and 2000-2004. Trinidad and Tobago's imports of capital and intermediate goods from the EU have increased sharply over time, in keeping with the rapid growth in industrial capacity in petrochemicals and ancillary industries. Trinidad and Tobago continues to dominate the regional export market with over 65 per cent of total exports. An important qualification is that although the goods' trade balance provides a broad picture, for largely service-based economies such as many of the OECS countries and Barbados, the evolution of the services account provides a better indicator of external performance.

Trade in services

Trade in services has assumed increasing importance in the world economy with the liberalisation of this trade, especially the removal of regulations, granting of national treatment to foreign service providers and the easing of restrictions on the movement of natural persons. In fact growing trade is in part a reflection of the increasing importance of services as a driver of output and growth in most countries. In developed countries, in the decade and a half since 1990, the share of services in GDP has risen 65 per cent to 72 per cent, while in developing countries, the services sector has increased from 45 per cent to 52 per cent of GDP over the same period²⁷². Similarly, services account for 70 per cent of employment in developed countries and 35 per cent in developing countries. Interestingly, since 1990, growth in services exports from developing countries (8 per cent) has outpaced that of developed countries (6 per cent). Also notable is that Africa and Latin America and the Caribbean only account for a relatively small share of service exports, 10 per cent and 15 per cent, respectively, while the lion share is accounted for by Asia. This points to room for the further development of trade in services in Latin America and the Caribbean and Africa.

The General Agreement on Trade in Services (GATS) provides four modes of trade in the delivery of services:

(a) Mode 1: Cross-border supply - where the service is delivered from one country to another, but the supplier does not move to the recipient country, for example, the purchase of consultancy and software services over the internet and telephone calls.

(b) Mode 2: Consumption abroad - this entails the consumer moving to the supplier country to consume the service, therefore, the supplier does not move, for example, demand for tourism services by visitors.

(c) Mode 3: Commercial presence - this is where the service is established in another country by the establishment of a commercial presence, for example, a branch of a company. Therefore, the service supplier moves to the recipient country.

(d) Mode 4: Movement of natural persons - which is where the supplier moves as a 'natural person' to provide the service, for example, nurses moving abroad and consultants.

In terms of the various modes, countries have been largely comfortable with modes 1 to 3, but have for the most part resisted mode 4, the movement of natural persons. This relates to social and institutional resistance to foreigners migrating to their countries by residents and leaders and has nothing to do with the inherent logic of persons providing services as workers, consultants, etc., rather than under some other mode. Indeed, Winters (2002) had noted that if developed countries were to allow temporary entry for foreign workers from developing countries, equal to 3 per cent of their

²⁷² See UNCTAD, (2007), "Trade in Services and Development Implications", Trade and Development Board, Commission on Trade in Goods and Services, and Commodities, Eleventh Session, Geneva, 19-23 March, 2007.

current workforce, this would generate welfare gains (in real income) that exceed those from full merchandise trade liberalisation with developing countries.

It is well known that most Caribbean economies have effectively leapfrogged from agricultural economies to service-based economies without the development of an effective manufacturing sector. Therefore, given the vital importance of services in production and trade, the performance of this sector provides a useful barometer of the prospects for growth and development in the region. Indeed, a number of Caribbean economies, particularly OECS economies, now view themselves as transitioning to high value added service economies built on tourism, financial and Information and Communications Technologies (ICT) services.

Traditional development theory had noted the pivotal role of manufacturing production and the transition from agriculture to manufacturing as a means of reaping the benefits of technological progress, innovation, increasing returns to scale and increasing wages and living standards of workers. In this light, it is now accepted that a high quality service sector can play the role that the traditional manufacturing sector played in driving sustainable growth, creating linkages with other sectors and acting as an anchor for competitive integration into the world economy. Indeed, many of the smaller economies in the region have no choice but to depend on services such as tourism, off-shore financial services and informatics, where feasible, to provide this catalyst for growth and development, as these are the apparent areas of competitive advantage.

Service supply

Supply side considerations are critical to the regional services sector. The reality is that most regional services, including transport, business, health and education services, have been largely non-tradable for a long time. In effect most services have long been considered domestic services. This no doubt stemmed in part from exploitation of early comparative advantage in agriculture, minerals and low cost manufacturing.

The reliability and quality of regional supply of services is crucial to the capturing and maintaining of sustained market share on regional and international markets. Reflecting their intangible nature, trade in services is highly influenced by confidence in the quality and consistency of the offer.

The services sector is by far the largest sector in CARICOM, accounting for more than two thirds of total output and employment in the region. However, the region accounts for only half of one per cent of international services trade. This underscores a mismatch in that although services are critical to region (largely service intensive) economies, high factor intensity in the sector has not translated into internal and external competitiveness.

Trade liberalisation and competitiveness in the region

The concept of competitiveness evolved from the business science literature and has been championed by forerunners in this field, especially Michael Porter. Although it has some relation to comparative advantage, unlike the latter, competitiveness is much less grounded in a logical economic framework. Indeed, economist Paul Krugman, viewing the concept as providing impetus for the pursuit of strategic trade policies in a winner and loser end game, see it as a dangerous obsession.²⁷³ Indeed, to set off the bounds of the concept and the factors that drive it, clear and internally consistent theory of competitiveness needs to be developed. This is critical since the subjective nature of the concept makes it quite normative and weakens its usefulness as a scientific economic concept (Rapkin and Avery, 1995). Nevertheless, Rapkin et. al proffer that competitiveness is a useful political economy concept for gauging the relative structural gains from trade and integration among States.

²⁷³ See Krugman, Paul, (1994), “Competitiveness: Myth or Dangerous Obsession”, Foreign Affairs, 1994.

Standard trade theory is anchored in comparative advantage and modifications in the Heckscher-Ohlin and later the incorporation of increasing returns in New Trade Theory does not provide a full understanding of patterns and gains from trade among countries. Comparative advantage based on specialisation according to what a country does best depending on its factor endowment, fails to explain much international trade such as trade based on learning by doing and increasing returns. However, although these dynamic gains are accounted for by the new trade theory, it does not actively include the domestic economic environment, institutions and overall attractiveness or aggressiveness as indicators of the patterns and gains from trade. Competitiveness, while not ignoring the crucial importance of trade theory as an explanation of much trade, includes other factors that are crucial in explaining trade and market position.

International competitiveness refers to the ability of a country's firms and producers to capture and maintain market share and incomes on regional and international markets. Competitiveness is usually marked by an improving trade balance in specific commodities and activities, which is built on domestic productivity, innovation and product/service quality, after sales service delivery and competitive prices. There has long been a debate on the real contribution of trade liberalisation to improved competitiveness in economies at different stages of development.

The orthodox view is that trade liberalisation by subjecting domestic firms to more intense competition, fostering learning by doing and innovation, should enhance the ability of domestic firms in regions such as the Caribbean to penetrate and maintain market share regionally and internationally. Although this view is based on sound theory and has much to recommend it, there are a number of factors, including the mode and sequencing of trade liberalisation and also the extent to which liberalisation is supported by complementary policies that could constrain or raise the competitiveness benefits from the process.

Trade competitiveness analysis

The Competitive Analysis of Nations (CAN) software allows us to compute a broad competitiveness matrix to group countries by their market structure in a given import market. The indicative typology shows for which products market share is increasing, decreasing or remaining static and therefore provides a suggestive gauge of market restructuring. A product (e.g. rum) of a given country (e.g. Barbados) to a given market (e.g. the EU) whose market share is increasing in the imports of the given market, is said to be a Rising Star. This is in effect an increase in market share in a dynamic product. An increase in market share in a product that is declining in importance in the imports of the partner country is called a Declining Star. Meanwhile, a fall in market share in a dynamic commodity (one in which the percentage of imports is increasing) is termed a Missed Opportunity. Finally, a decline in market share in a stagnant commodity is called a Retreat.

Table 2 below shows that CARICOM had market share gains mainly in stagnant commodities in the first period (1985-1990) and second period (1990-1995). The market share gains increased dramatically from 34.78 per cent to 65.34 per cent of total exports in the two periods. In the third period (1995-2000), market share gains remained fairly stable at almost 65 per cent.

TABLE 2
COMPETITIVE MATRIX OF CARICOM EXPORTS TO NORTH AMERICA, 1985-1990, 1990-1995, 1995-2000 AT THE THREE DIGIT LEVEL AND EXPRESSED AS A PERCENTAGE OF THE FINAL YEAR EXPORTS

		Stagnant Commodities		Dynamic Commodities	
		First period	56.16%	First period	43.78%
		Second period	54.92%	Second period	44.84%
		Third period	48.69%	Third period	51.27%
Market Share Gains		Declining Stars		Rising Stars	
First period	34.78%	First period	15.88%	First period	18.90%
Second period	65.34%	Second period	24.02%	Second period	41.32%
Third period	64.93%	Third period	26.60%	Third period	38.33%
Market Share Losses		Retreats		Missed Opportunities	
First period	65.16%	First period	40.28%	First period	24.88%
Second period	34.42%	Second period	30.90%	Second period	3.52%
Third period	35.03%	Third period	22.09%	Third period	12.94%

Source: CAN (2002)

The adaptability index provides an indicator of the ratio of dynamic commodities to stagnant commodities for each competitiveness matrix- market share, export share and specialisation. For the period 1985-1990, the adaptability indices for the three indicators were 0.77, 0.78 and 0.77, respectively. This means that market share and specialisation in dynamic commodities were both 0.71 times market share and specialisation in stagnant commodities. By the third period (1995-2000) the adaptability indices of 0.92 for both market share and specialisation reveal that the region had improved its competitiveness on the North American market, as its share of dynamic commodities that are in stronger demand had increased relative to non-dynamic products.

TABLE 3
THE ADAPTABILITY INDEX FOR CARICOM'S EXPORTS TO NORTH AMERICA (1985-1990; 1990-1995; 1995-2000)

	1985-1990	1990-1995	1995-2000
Market share	0.77	0.71	0.92
Country export structure	0.78	0.82	1.05
Specialisation	0.77	0.71	0.92
Market import structure	1.01	1.14	1.14

Source: CAN (2002)

Table 4 below shows the competitive matrix for Caribbean countries with Western Europe. The picture that emerges over time is quite an unfavourable one. Whereas dynamic commodities represented 46 per cent of exports to the EU market between 1985-1990 and rose to 54 per cent between 1990-1995, by 1995-2000 the market share of dynamic products had plummeted to roughly

29 per cent, just over half of what they were in the second period. The Caribbean has lost market share on the EU market over time, as evidenced by the growth in market share losses from 31.4 per cent of commodities exported between 1985 and 1990 to 58.4 per cent for the period 1995-2000. It is revealing to show the key products for which market share was dynamic or stagnant. The main dynamic products (rising stars) in the first period (1985-1990) were ships, boats and floating structures whose market share increased substantially from 0.91 per cent in 1985 to 20.87 per cent in 1990; alcoholic beverages with a 40 per cent growth in market share to 7.4 per cent; and outer garments and knitted goods. It is important to note that this growth in market share was built partly on preferences for some of these products. By the final period, the export structure had changed importantly, with leading rising stars being gas, natural and manufactured, whose share increased from 0.2 per cent in 1995 to 3.57 per cent in 2000, special commodities and spices. By that time, agricultural commodities such as rice and crustaceans and molluscs were declining stars, in spite of preferential market access.

TABLE 4
COMPETITIVE MATRIX OF CARICOM EXPORTS TO WESTERN EUROPE, 1985-1990, 1990-1995, 1995-2000 AT THE THREE DIGIT LEVEL AND EXPRESSED AS A PERCENTAGE OF THE FINAL YEAR EXPORTS

		Stagnant Commodities		Dynamic commodities	
		First period	57.94%	First period	46.10%
		Second period	45.69%	Second period	54.09%
		Third period	71.04%	Third period	28.72%
Market Share Gains		Declining Stars		Rising Stars	
First period	68.22%	First period	34.47%	First period	33.75%
Second period	84.30%	Second period	43.77%	Second period	40.53%
Third period	41.30%	Third period	25.94%	Third period	15.40%
Market Share Losses		Retreats		Missed Opportunities	
First period	31.41%	First period	23.47%	First period	7.94%
Second period	15.48%	Second period	1.92%	Second period	13.56%
Third period	58.42%	Third period	45.10%	Third period	13.32%

Source: CAN (2002)

Table 5 below follows Czinkota and Wongtada²⁷⁴ (1997) in calculating basic ex-post competitiveness indicators for CARICOM countries for trade in services. For the indicator,

$$\text{Competitiveness} = \frac{\text{Export value} - \text{Import value}}{\text{Export value} + \text{Import value}}$$

Therefore, the indicator crudely measures competitiveness as the services trade balance relative to the total services trade. The value of the competitiveness measure ranges from -1 to +1, with these outer values representing extremes. Sectors and industries that are highly competitive tend to have a value closer to +1. Indeed, if we view structural competitiveness as the ability to maintain

²⁷⁴ See Czinkota, M. R., and Wongtada N., (1997). "The Effect of Export Promotion on U.S. Trade Performance: An Analysis of Industry Internationalization", *The International Trade Journal*, Vol. XI, No.1, Spring, pp. 5-37.

market share over a relatively long period of time, tracking the evolution of this basic competitiveness measure over time provides an initial indication of the pattern of structural competitiveness for given activities such as tourism, financial and other services.

Table 5 below shows the competitiveness indicator for the CARICOM trade in goods by SITC sections. The table shows that between the first and second halves of the periods, the competitiveness indicator worsened from -0.23 to -0.25 indicating some loss of competitiveness and market share in goods exports. In terms of SITC classifications, only crude inedible materials, except fuels (0.55 for 1990-1997 and 0.56 for 1999-2006), beverages and tobacco (0.02 and 0.03) and mineral fuels and lubricants (0.17 and 0.14) showed any real measure of competitiveness. The other products - particularly machinery and transport equipment, animal and vegetable oils, fats and waxes and miscellaneous and manufactured articles, all activities in which the region has little comparative advantage and also major areas of imports - had very low competitiveness indicators. An important issue relates to the capacity of the region to engage in learning by doing so as to be able to produce some of the basic manufactured goods that are imported. Apart from food and beverages, most countries in the region have made very little breakthrough in manufacturing. This reflects in part, weak systems of training in basic and applied sciences, the poor nexus between universities and institutions of learning and practical research and product development organizations, a limited capacity for and focus on reverse engineering²⁷⁵ of product process and designs to learn how to manufacture established products and a weak emphasis on building up local capacity by foreign direct investors.

²⁷⁵ It has been noted that Japan and the Asian Newly Industrialised Countries were able to speed up their industrial development by reverse engineering systems that allowed them to manufacture established products from the United States and other OECD countries.

TABLE 5
COMPETITIVENESS INDICATOR FOR CARICOM COUNTRIES GOODS TRADE BY SITC SECTIONS
(Measured as Exports Value -Imports Value /Exports value + Imports Value)

SITC Sections	YEARS																Aver- age	Aver- age	
	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	1990- 1997	1999- 2006
Total	-0.15	-0.24	-0.22	-0.31	-0.17	-0.22	-0.23	-0.29	-0.32	-0.27	-0.20	-0.23	-0.31	-0.31	0.08	0.15	0.69	-0.23	-0.25
0. Food and Live Animals chiefly for Food	-0.10	-0.19	-0.09	-0.14	-0.02	-0.14	-0.09	-0.07	-0.14	-0.13	-0.13	-0.17	-0.18	-0.26	-0.09	-0.16	0.40	-0.10	-0.11
1. Beverages and Tobacco	0.01	-0.02	0.06	0.06	0.02	0.04	0.06	-0.03	0.06	0.04	0.07	0.08	0.08	0.02	0.10	0.13	0.40	0.02	0.03
2. Crude Materials, Inedible, except Fuels	0.59	0.53	0.49	0.50	0.47	0.60	0.61	0.62	0.62	0.68	0.67	0.70	0.52	0.32	0.73	0.73	0.43	0.55	0.56
3. Mineral Fuels, Lubricants and Related Materials	0.29	0.23	0.29	0.06	0.29	0.17	0.07	0.00	0.00	0.08	0.13	0.11	0.02	-0.01	0.44	0.51	0.90	0.17	0.14
4. Animal and Vegetable Oils, Fats and Waxes	-0.63	-0.72	-0.79	-0.72	-0.70	-0.72	-0.79	-0.76	-0.76	-0.80	-0.80	-0.78	-0.77	-0.78	-0.66	-0.61	-0.37	-0.73	-0.74
5. Chemicals and Related Products, Not elsewhere Specified	-0.23	-0.23	-0.28	-0.28	0.01	-0.03	-0.08	-0.11	-0.24	-0.22	-0.07	-0.06	-0.20	-0.13	0.40	0.35	0.78	-0.15	-0.16
6. Manufactured Goods Classified Chiefly by Material	-0.58	-0.63	-0.60	-0.61	-0.52	-0.48	-0.51	-0.52	-0.55	-0.58	-0.56	-0.52	-0.51	-0.57	-0.23	-0.37	0.33	-0.55	-0.55
7. Machinery and Transport Equipment	-0.92	-0.94	-0.93	-0.93	-0.92	-0.94	-0.93	-0.95	-0.94	-0.92	-0.92	-0.93	-0.95	-0.96	-0.92	-0.91	-0.75	-0.93	-0.94
8. Miscellaneous and Manufactured Articles	-0.43	-0.52	-0.38	-0.37	-0.35	-0.37	-0.43	-0.49	-0.54	-0.58	-0.61	-0.68	-0.78	-0.82	-0.75	-0.75	-0.32	-0.42	-0.43
9. Commodities and Transactions Not Classified Elsewhere	-0.97	-0.98	-0.97	-0.98	0.32	-0.95	-0.59	0.31	0.30	0.17	0.25	0.21	0.37	0.30	0.16	0.06	0.81	-0.60	-0.44

Source: CARICOM Trade Database

Unlike the case for the manufacturing sector, average indicator for services was 0.28, which indicates that the region has some competitive advantage in services, especially tourism and also financial and entertainment services in some countries. Nevertheless, although the region has maintained a measure of competitiveness in services, this seems to have been declining somewhat over time. Indeed, the index slipped from 0.33 in 1992 to 0.27 in 2004. Moreover, it averaged 0.31 between 1992 and 1997, but fell to an average of 0.24 between 1999 and 2004. This, it is suggested, is due in large part to the reduced competitiveness of the tourism sector in a number of CARICOM countries where service quality and value for money has been declining due in part to a limited service range and inadequate investments in product development and marketing.

Financial services have been adversely affected by the OECD Harmful Tax Competition Report, which led the Financial Action Task Force (FATF) to blacklist a number of Caribbean offshore financial centres for purportedly being conducive to money laundering and harmful tax competition.²⁷⁶ These regional jurisdictions had to expend significant financial and institutional capital in terms of strengthened regulation, prudential and accounting standards and information sharing to have the black-listing removed. Moreover, many of them have not returned to previous levels of business. This fallout was manifested in the competitive performance of the sector relative to other active jurisdictions.

At the country level, Antigua and Barbuda and Barbados had the highest services competitiveness indicator at 0.43 and 0.4, respectively, reflecting the relative dynamism of their tourism and financial services sectors. Nevertheless, Antigua and Barbuda has lost significant market share in the lucrative internet gaming sector due to the United States ban on internet gaming. For instance, the number of gaming companies fell from 47 at the end of 2004 to 38 in 2006. Moreover, in spite of Antigua and Barbuda's successful challenge of the decision at the WTO, the United States remains non-compliant with the ruling. Meanwhile, Saint Lucia and Grenada ranked 3 and 4, respectively, with indices of 0.39 and 0.31. Interestingly, St. Kitts and Nevis and Jamaica, both of which are heavily service dependent especially on tourism, ranked 10 and 12, respectively, suggesting that if measures are not taken to strengthen competitiveness, services could become declining stars²⁷⁷ for them. Surprisingly, Jamaica was ranked below Belize, which is a fairly goods-producing economy.

²⁷⁶ See Butler, Truman, (2001), "David vs. Goliath: An Analysis of the OECD Harmful Tax Competition Policy", University of Georgia School of Law.

²⁷⁷ See the definition and implication of the notion of declining stars, elsewhere in this section.

TABLE 6
BASIC INDICES OF EX-POST COMPETITIVENESS FOR THE SERVICES SECTOR IN CARICOM
(Measured by the Trade Balance as a Percentage of Total Trade)

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Average Indices
Antigua and Barbuda	0.46	0.49	0.49	0.40	0.40	0.42	0.42	0.41	0.43	0.40	0.40	0.40	0.42	0.43
Bahamas	0.46	0.44	0.41	0.41	0.38	0.31	0.22	0.33	0.35	-0.69	0.32	0.31	0.29	0.27
Barbados	0.49	0.43	0.44	0.41	0.43	0.40	0.41	0.38	0.38	0.36	0.36	0.38	0.38	0.40
Belize	0.26	0.23	0.22	0.26	0.24	0.23	0.20	0.12	0.06	0.13	0.09	0.12	0.16	0.18
Dominica	0.14	0.15	0.15	0.17	0.21	0.23	0.24	0.25	0.27	0.20	0.19	0.30	0.31	0.22
Grenada	0.36	0.36	0.42	0.44	0.40	0.31	0.27	0.31	0.29	0.24	0.18	0.23	0.25	0.31
Jamaica	0.25	0.21	0.22	0.19	0.16	0.16	0.16	0.17	0.16	0.11	0.09	0.15	0.14	0.17
St. Kitts and Nevis	0.32	0.29	0.35	0.19	0.17	0.19	0.26	0.08	0.13	0.13	0.07	0.15	0.24	0.20
St.Lucia	0.37	0.39	0.39	0.36	0.38	0.42	0.42	0.41	0.45	0.35	0.32	0.38	0.41	0.39
St. Vincent and the Grenadines	0.14	0.16	0.07	0.15	0.25	0.13	0.15	0.31	0.36	0.41	0.42	0.37	0.33	0.25
Trinidad and Tobago	0.07	0.09	0.07	0.24	0.36	0.37	0.44	0.38	0.18	0.24	0.26	0.30	0.39	0.26
CARICOM	0.33	0.32	0.32	0.31	0.31	0.28	0.27	0.29	0.28	0.11	0.24	0.27	0.27	0.28

Source: CARICOM Trade Database

Ex-ante competitiveness and the role of domestic factors

Ex-post trade performance indicators such as market share, export concentration and revealed comparative advantage provide some gauge of competitiveness as realised by what is actually happening in markets. However, this is far from the full story, as behind all this is what is happening to domestic production, distribution and marketing systems to enable producers and traders to maintain and grow market share on various markets. These critical domestic factors are the real ex-ante drivers of competitiveness and no discussion of trade performance and competitiveness is complete without an analysis of them. A number of critical factors affect the ability of Caribbean producers to compete effectively on domestic, regional and international markets. Critical among these factors are production costs, product quality and standards, levels of research and development and product innovation, the quality of institutions and the efficiency of the public bureaucracy and the transaction costs involved in doing business.

It is beyond question that average production costs in some segments, agriculture, industry and services, in the Caribbean are uncompetitive by international standards. In agriculture, high costs of production are the bane of most sectors. In the sugar subsector, for instance, the average cost of production for Caribbean countries in 2005 was US\$782. Costs of production ranged from a low of US\$330 in Belize to a high of US\$1212 in Trinidad and Tobago. Underscoring the weak competitiveness of the region in the sector, regional production costs exceeded the world market price by some margin. Alarming, the costs of production in the highest costs producers even exceeded the preferential prices offered on the EU market. The situation is similar in the banana and rice subsectors.

The fledgling regional manufacturing sector has also been buffeted by competitiveness problems that stem from high production costs that result from scale diseconomies, high costs of utilities, labour and transportation. Moreover, average energy costs in the Caribbean are as much as seven times higher than those in the United States and Europe. Although most Caribbean countries are middle or low income countries, and absolute labour costs might not seem high by developed country standards, the fact is that labour costs are quite high by the standards of large developing countries such as China, Indonesia and Brazil. The high costs put the region at a competitive disadvantage with these economies in attracting outsourcing and other forms of Foreign Direct Investment (FDI). In many instances, niche FDI manufacturing in the Caribbean is attracted largely on the basis of proximity to the North American market, which is suitable for just-in-time type production and language affinity. Nevertheless, as transport costs come down and costs considerations become more important there is nothing to stop some of these producers relocating to much cheaper locations such as China and Indonesia.

Even more important than absolute wage levels, is the growth in real wages relative to productivity growth. It is well known that an economy cannot have its cake and eat it, and thus growth in wages must be matched by similar growth in labour productivity to be sustainable. Real wage growth has outpaced productivity growth in most Caribbean countries in the last decade. In the OECS, for example, the World Bank estimated that for the period 1995-2002, public sector real wages grew on average by 2.1 per cent per year, while real GDP grew by 1.5 per cent and average labour productivity by less than 1 per cent.

Related to labour productivity and efficiency is the quality education and training of the workforce. Competitive advantage in the modern world economy is built more on knowledge and innovation than on traditional Heckscher-Ohlin resource-based comparative advantage. As the slow down in the rates of growth after the ISI model for some time has shown, simple factor accumulation from the use of depleting natural resources is insufficient for maintaining high levels of sustained growth. To drive high and high quality growth in terms of the quality of jobs provided, knowledge, innovation and creativity are key, as these factors are subjected to increasing returns, rather than the diminishing returns of traditional factor accumulation. Regional education and training systems have not proven adequate to matching knowledge and skills to the job market. There is also imbalance in the tertiary and technical vocational skills sets acquired by the students, with a balance much

favouring business and social sciences at the expense of science and technological skills. This means that in an era when the region needs to restructure and upgrade its production, marketing and distribution systems to meet the imperative of competitiveness, it is lacking in the scientific and technological know-how required for these tasks.

Product quality is a most important factor in competitiveness, particularly for small producers, which confront small volumes in production. High product quality and differentiation allow small producers of selected manufactured and agro-industrial and other goods in the Caribbean to reap high average profits per volume. Where large economies, such as China and Brazil, can compete based on low prices and large scale production, Caribbean economies have to select competitive niches that allow them to maximise quality, product difference and use value.

Historically, the Caribbean was a region primarily of extraction with little value added and research and development input into the production and trading processes. Nevertheless, the expectation was that with independence and growth in living standards, the region would develop a research and development and innovation capacity commensurate with improving levels of development. On the contrary, however, the situation on the ground in the universities, training institutes, standards organizations and firms point to capacities in these critical areas that are below what would be expected of middle income developing countries. There is no magic formula for raising levels of research and development and innovation in a given economy. These vital factors seem to be affected by the levels of skills and training of the workforce, the levels of freedom and entrepreneurship in the society, incentives provided for developing new products and processes and links between universities and training institutes and firms, among other factors. Indications on the ground are that the Caribbean suffers from deficiencies in all these areas. In manufacturing, including electronics and textiles, for instance, regional value added remains low as production often entails assembly-type operations, with little room for creative input from the worker. In addition, these types of operations provide very little room for linkages with other sectors in the economy that could foster the development of a competitive cluster.

Efficiency and productivity as drivers of competitiveness

Higher factor accumulation in terms of presaging more labour, capital and natural resources in production and exchange is a limited means of driving growth and competitiveness²⁷⁸, especially in a competitive liberal trading environment. Indeed, as Lewis suggested in his labour surplus economy model, as the surplus labour is increasingly absorbed in production, and wage rates continue to rise, firms have to invest in raising the productivity of labour through improved machinery, organization and management. In fact, this also applies to capital or any abundant factor. Competitiveness based on static gains from increased factor accumulation is always short-lived.

Productivity growth is the key to sustained, dynamic competitiveness and long-term, stable growth. Indeed, the history of successful economies is one of continually reinventing themselves by ratcheting up productivity growth through the use of improved technology, managerial, production and coordination systems. Aside from growth in labour and capital productivity, which are essential for competitiveness, growth in total factor productivity is rather vital as it indicates improved value added due to technological progress, improved efficiency in production and organization, improvements in human capital stock, better capacity utilisation and transition to more efficient sectors and activities²⁷⁹. Table 7 below shows that total factor productivity growth for OECS countries actually slowed in the period of stronger trade liberalisation and market opening. Although crude, the data indicates that total factor productivity in the subregion fell from an average of 3.9 per cent in the 1980s to 1.3 per cent in the 1990s.

²⁷⁸ Indeed factor accumulation at best only drives static competitive advantage that is readily competed away as new suppliers enter the market.

²⁷⁹ See World Bank, (2005), "Organisation of Eastern Caribbean States: Towards a New Agenda for Growth", Report No. 31863-LAC, Caribbean Country Management Unit.

Although difficult to account for precisely, the slowdown in productivity growth seems to have been related to the impact of natural disasters that knocked out significant portions of the capital stock in a number of countries. Also, the fallout from these mean that countries could not invest the required resources in education and training to upgrade the human capital base of the workforce, which would have affected worker productivity and innovation. Moreover, structural change on account of the erosion of preferences and weaker demand for some exports in major markets meant that governments had to undertake significant debt to stimulate growth in the face of flagging private investment in the 1990s. With public investment focused on public infrastructure, and obtained at costly commercial rates, there was little stimulus to productive activity leading to a dampening of productivity growth and higher indebtedness. Indeed, debt sustainability is now a critical concern for the OECS and could pose a serious drag on future growth.²⁸⁰

TABLE 7
TOTAL FACTOR PRODUCTIVITY GROWTH
(SOLOW RESIDUALS) FOR THE OECS, 1981-2000

		1981-2000	1981-1990	1991-2000
Antigua and Barbuda	GDP	4.73	6.14	3.32
	Labour	0.42	0.32	0.51
	Capital	1.2	1.23	1.18
	TFP	3.11	4.59	1.63
Dominica	GDP	3.53	5.38	1.68
	Labour	-0.11	-0.1	-0.12
	Capital	0.84	0.98	0.7
	TFP	2.8	4.5	1.1
Grenada	GDP	4.62	5.57	3.68
	Labour	0.32	0.26	0.38
	Capital	1.23	1.13	1.34
	TFP	3.07	4.18	1.96
St. Kitts and Nevis	GDP	4.86	5.47	4.24
	Labour	-0.02	-0.33	0.29
	Capital	1.38	2.04	1.31
	TFP	2.45	0.43	2.65
St. Lucia	GDP	5.12	7.62	2.61
	Labour	1.84	1.82	1.86
	Capital	0.9	0.79	1.01
	TFP	2.37	5.01	-0.26
St. Vincent and the Grenadines	GDP	4.13	6.07	2.19
	Labour	0.56	0.64	0.49
	Capital	1.12	1.02	1.22
	TFP	2.44	4.41	0.47

Source: Kida (2004)

²⁸⁰ The OECS countries are some of the most indebted countries in the world with debt to GDP ratio averaging 101.7% between 2000 and 2006.

Similar to the OECS, the Caribbean as a whole experienced a slowdown in total factor productivity in the 1990s compared with the 1980s. Growth in total factor productivity for the region as a whole contracted from over 2 per cent in the 1980s to just over 1 per cent for the 1990s. This reflected growth in more inefficient public investment, relative to private investment, specialisation in primary sectors such as sugar, rice and bananas that are based on static comparative advantage and private investments largely in tourism, where it is difficult to raise productivity. All in all then, it can be said that trade liberalisation has not led to expected relative productivity gains that would drive competitiveness and structural change as would have been expected.

Another issue has been the structural heterogeneity at the micro-level with a few leading firms, particularly multinational corporations making significant competitive gains, but with a high liquidation rate among domestic Small and Medium Enterprises (SMEs) that benefited little from productivity gains by their larger counterparts. Therefore, unlike the predictions of orthodox theory, the post-liberalisation period was marked by increasing productivity divergence rather than convergence.

Apart from narrowing the relative productivity gap with competitors, improved trade performance and competitiveness require careful attention to improved coordination of production and trade, logistics and business services. Logistics as it relates to the management of production and exchange of goods and delivery of services and coordination of these processes is vital to market success. High quality logistics systems help to reduce the down time to complete transactions, speed the delivery of services, while maintaining quality and reduce logjams in marketing. The overall efficiency that results from improved logistics and coordination is critical to tourism, entertainment and professional services growth in the region.

General business environment

The overall business environment is a signal determining factor in firm competitiveness. A stultifying business environment raises the firm's transactions costs, diminishes productivity and undermines creativity, initiative and innovation - all keys to competitive production and trade. Table 4 below shows a number of indicators of the business environment in Caribbean countries from the World Bank's Doing Business database. On average the Caribbean did not rank very favourably in terms of the ease of doing business, compared with advanced economies and dynamic emerging economies. In the overall ease of doing business, the Caribbean had an average rank of 70 out of 175 countries, with an average percentile rank of 0.46. Saint Lucia was the best ranked CARICOM country with an index of 27, followed by Antigua and Barbuda at 33, while Guyana at 133 was the worst ranked CARICOM country. Intermediate countries included Belize with a rank of 56 and Jamaica with an index of 50 and, surprisingly, Trinidad and Tobago, in spite of dynamic business growth got a lower rank at 59. The relatively low rank for Trinidad and Tobago stemmed from low scores for contract enforcement (156), registering a property (154) and difficulty in closing a business (151), all rules of the game issues.

It is useful to pit the Caribbean's rank against four relatively small economies for a more relevant comparison than with large developed OECD economies. Of the four economies, the Caribbean compared favourably with Costa Rica at 105, but very unfavourably with Mauritius at 32, Ireland at 10 and Singapore at 1 (the stellar performer). The good performance of these small economies indicate that despite its small size the Caribbean, with the required effort, could upgrade its business and policy environment to strengthen the competitiveness and dynamism of its firms - both import-competing and exporters.

With respect to the different components of the matrix of doing business, a picture of comparative disadvantage relative to best practice emerges for the Caribbean. For example, with respect to the number of procedures entailed in starting a business, the Caribbean averaged 8 procedures, compared with 6.2 for OECD countries and 7.9 for South Asia and 10.3 for the Middle East and North Africa. Three countries, Jamaica, Saint Lucia and Trinidad and Tobago, ranked 45 out of 175 countries, largely due to the surprisingly high rank for Saint Lucia (27).

TABLE 8
INDICATORS OF THE BUSINESS ENVIRONMENT
IN SELECTED CARIBBEAN COUNTRIES

	Jamaica			Saint Lucia			Trinidad and Tobago			Average rank
	2005 rank	2006 rank	Change in rank	2005 rank	2006 rank	Change in rank	2005 rank	2006 rank	Change in rank	
Ease of :										
Doing Business	48	50	-2	27	27	0	55	59	-4	45
Starting a Business	10	10	0	36	43	-7	32	35	-3	29
Dealing with Licenses	95	93	2	11	10	1	83	81	2	61
Employing Workers	24	26	-2	27	29	-2	26	27	-1	27
Registering Property	103	107	-4	45	51	-6	154	154	0	104
Getting Credit	96	101	-5	96	101	-5	41	48	-7	83
Protecting Investors	58	60	-2	18	19	-1	15	15	0	31
paying Taxes	161	163	-2	9	9	0	26	27	-1	66
Trading Across Borders	77	74	3	44	45	-1	22	22	0	47
Enforcing Contracts	45	46	-1	160	160	0	156	156	0	121
Closing a Business	22	23	-1	38	39	-1	151	151	0	71

Note: 2005 rankings have been recalculated to reflect changes to the 2006 methodology and the addition of 20 new countries. Source: World Bank (2007), "Doing Business- How to Reform"

TABLE 9
DETAILED BREAK DOWN FOR INDIVIDUAL INDICATORS
OF THE BUSINESS ENVIRONMENT

Starting a Business (2006)	Jamaica	St. Lucia	Trinidad and Tobago	Average	Region	OECD
Indicator						
Procedures	6	6	9	7.0	10.2	6.2
Time (days)	8	40	43	30.3	73.3	16.6
Cost (% of income per capita)	9.4	25.9	1.1	12.1	48.1	5.3
Min. Capital (% of income per capita)	0	0	0	0.0	18.1	36.1
Getting Credit (2006)						
Indicator						
Legal Rights Index	6	6	6	6.0	4.5	6.3
Credit Information index	0	0	3	1.0	3.4	5
Public registry coverage (% of adults)	0.0	0.0	0.0	0.0	7	8.4
Private bureau coverage (% of adults)	0.0	0.0	31.5	10.5	27.9	60.8
Employing Workers (2006)						
Indicator						
Difficulty of hiring index	11	0	0	3.7	34	27
Rigidity of hours index	0	20	0	6.7	34.8	45.2
Difficulty of firing index	0	20	20	13.3	26.5	27.4
Rigidity of employment index	4	13	7	8.0	31.7	33.3
Non-wage costs (% of salary)	11.5	5	4.5	7.0	12.5	21.4
Firing costs (weeks of wages)	60.5	56	67.1	61.2	59	31.3
Trading across borders						
Indicator						
Documents for export (number)	6	5	5	5.3	7.3	4.8
Time for export (days)	19	9	9	12.3	22.2	10.5
Cost to export (US\$ per container)	1750	1053	693	1165.3	1068	811
Documents for import (number)	7	8	7	7.3	9.5	5.9
Time for import (days)	20	19	13	17.3	27.9	12.2
Cost to import (US\$ per container)	1350	1163	1093	1202.0	1226	883

Source: World Bank(2007), "Doing Business- How to Reform"

The role of the State

The neo-liberal orthodoxy views the State as a mere facilitator of private sector activity. Bounded rationality as applied to the State constrains it to creating an environment that is conducive to private agents optimising production and exchange. In this regard, the State is challenged to efficiency in the provision of public goods, such as defence and security, public health and education and a business-friendly economic environment marked by macroeconomic stability, adequate protection of property rights, a functioning legal and administrative system and a sound social safety net to a measure of equity among different groups. The emphasis in this view is non government failure and the need to provide safeguards to guard against it. However, there has long been a counterview, informed in part by the development process in a number of countries, that an active State that is more involved than simply being an ‘umpire’ and facilitator can help to catalyse equitable development.

Chang (2003) notes that the State can accelerate the process of restructuring, diversification and economic change by acting as an entrepreneur in its own right and also as a conflict manager. In its entrepreneurial role, the State can undertake or directly facilitate, through incentives such as tax breaks, depreciation allowances and other measures, certain large-scale production activities that might not be undertaken by the private sector. Chang noted that countries such as Japan, Korea, Taiwan, France, and one might add China in more modern times, have had relatively strong entrepreneurial States that pursued an active industrial policy aimed at creating dynamically competitive economies with production and exchange at the cutting edge of the technological frontier and adjusting to meet world demand.

In the Caribbean, the State has long been an active and important socio-economic agent. An open inquiry is required in the region as to the specific role and capacity of the State as an entrepreneur in the region. Interesting aspects of this debate would include to what extent is the average Caribbean State equipped to undertake direct production, especially in activities where, although indications point to socially beneficial returns, private investment is not forthcoming? Another is how far can the Caribbean State be categorised as a learning State that can remedy past policy and implementation mistakes.

The role of institutions in competitiveness

One of the black boxes that advocates of the benefits of trade liberalisation often fail to consider is the role of institutions in driving the competitiveness of firms and sectors. Rodrik (1997)²⁸¹ argues forcefully that the floundering of growth in many developing countries after 1975²⁸² was not so much due to the lack of openness and integration into the world economy, but to weak institutions for promoting structural change, macroeconomic stability and conflict management. Rodrik provided a basic formulation of the link between growth, shocks, social conflict and institutions as follows:

$$\Delta \text{Growth} = -\text{external shocks} \times \frac{\text{latent social conflict}}{\text{Institutions of conflict management}}$$

This formulation suggests that the impact of an external shock on growth in an economy is greater where there is more latent social conflict and weaker institutions for conflict management.

The quality of institutions for upgrading productivity and efficiency, such as productivity councils, standards bureaux, business development, entrepreneurship development institutions, marketing, coordination and logistics agencies are vital to fostering competitiveness.

²⁸¹ See Rodrik, Dani (1997), “Globalization, Social Conflict and Economic Growth”, Prebisch Lecture, UNCTAD, Geneva, October 24, 1997.

²⁸² Rodrik notes that for 50 countries, growth averaged 3 per cent between 1960-1975, the golden era of post-war growth, and incidentally a period of import substitution industrialization for many. However, after 1975, only 9 countries - seven in East Asia and Malta and Botswana were able to maintain of 3 per cent or more.

It is well accepted that to be an effective catalyst for competitiveness, trade liberalisation should be well sequenced. This demands that the required institutions are in place to undertake the sequencing and implementation of trade reforms. Without the building up of the institutional capacity first trade reforms are likely to be derailed leading to a low growth impact from trade opening. As Nobel Laureate Douglas North noted, history is characterised by the interaction among three elements - institutions, organizations and individuals. Moreover, in the Caribbean there has been a legacy of weak institutions since unlike active settler communities, like the United States and Canada, absentee plantation ownership in the region was not conducive to building up strong institutions.

As the region accelerates the drive to international competitiveness of its firms and industries, serious attention must be paid to the quality and efficiency of its institutions. At a practical level, the public service must be transformed to dynamic and cost effective bureaucracy. The legislative machinery must enhance the timeliness and quality of the administration of justice and dispute settlement bodies both in commerce and other areas must be strengthened. Importantly, the turn-around time for the clearance of goods in customs must be significantly reduced in most countries and the level of service upgraded.

Policy issues and recommendations going forward

Trade is well recognised as an important engine of growth and development. Moreover, free trade by disciplining domestic producers through competition, providing cheaper inputs into production and facilitating the adoption of new and improved technologies, among other benefits, is an established catalyst of improved trade performance and growth through stronger growth in net exports. These well-established and generally accepted principles and outcomes beg the question as to why the period of trade liberalisation and general opening up and market friendly policies in the Caribbean has not corresponded with improved trade performance, competitiveness and economic growth (both in terms of growth rates and volatility of these rates).

There are two schools of thought on the reasons for the relatively poor trade and competitiveness performance in the face of market opening and removal of barriers. The first view is that liberalisation remains constrained and is not fully adequate to the task of unstopping bottlenecks in production and exchange that foster the development of a competitive regional economy. A corollary of this view is that there have been problems with the timing and sequencing of reforms. The argument here is that liberalisation was undertaken without the underlying reform of the institutional and policy framework and the restructuring and diversification of production systems to ensure its success. In effect, supply side bottlenecks continue to constrain competitiveness and growth. Consequently, to a large extent, Caribbean countries have expended significant resources in negotiating market access, without the concomitant development of products to trade.

The second view challenges the first, and contends that there is a problem with the logic of the trade liberalisation theory itself. Therefore, trade liberalisation might not benefit all countries, but the ability to benefit depends on productive capacity, institutions and policy-making. The fact that the average rate of growth of per capita income in developing countries halved from 3 per cent during the period of ISI in the 1960s and 1970s to 1.5 per cent during the heady years of liberalisation in the 1980s and 1990s does not provide much to justify unilateral trade liberalisation. In addition, despite decades of market liberalisation, the average income of developing countries is still only 15-20 per cent of that of developed countries, measured in purchasing power parity dollars (Wade 2006). Therefore, trade liberalisation and specialisation based on static comparative advantage has not led to the anticipated catch/convergence of developing countries with their developed counterparts. This, however, does not provide justification for widespread import substitution. Nevertheless, it suggests that selective industrial policy that targets certain sectors based on empirical studies of actual and potential competitive advantage might be quite relevant for developing countries such as the

Caribbean. As noted by Akyüz (2006)²⁸³, developing countries should have the option of using tariffs on a selective basis as needed for industrial upgrading, while remaining subject to multilateral rules. This, he said, could be done by setting a reasonable limit on average tariffs, while leaving rates on individual products unbound.

An important consideration is that proponents of both models provide a useful insight when they note that the failings of either model often stem from the practical design and implementation of the policy measures that they imply and not fundamentally from their logic and conceptual framework. For instance, in the case of ISI, countries often overreached themselves by developing activities in which they did not have the slightest comparative advantage and the failure to promote exports side by side with import-competing production, as was done in the successful Asian Newly Industrialising Countries (NICS).²⁸⁴ Meanwhile, the export-led growth strategy, fails to give sufficient weight to domestic absorption through consumption and investment in import-competing activities as one of the bases for growth and development.

Palley (2006) notes that the current orthodox paradigm, which assigns a key role to trade liberalisation, is built on export-led growth theory and neoclassical economic growth theory. However, he argues that this framework that premises development on export-led growth and capital accumulation is flawed and incomplete. He notes that although this model gets some things right, it also gets some things wrong (sins of commission), and misses doing some things that it should (sins of omission). This missing element in the model, he avers, is the demand side. Indeed, the demand side has been addressed in Thirlwall's balance of payments constrained model, which views the balance of payments as the single most important constraint to growth and development in developing countries. The crux of the demand side argument is that many developing countries such as the Caribbean are largely price takers in international markets, with low price and income elasticities of demand for their exports. This stems from the demand that they face in exporting largely primary commodities or low technology manufactures, which are more easily substitutable, little differentiated and face long-term structural decline in their terms of trade.

The question is what option is left for developing countries such as those in the Caribbean. The first issue seems to be that there is no need to 'throw out the baby with the bathwater', as both the export-led growth model and the ISI model contain completely plausible and logical aspects that could be included in an integrated development strategy. The fact is that the real world is much more nuanced than the 'all or nothing' model often presented by proponents of either one or the other of these models.

In light of the challenging policy issues outlined above a few recommendations are provided. These are meant as suggestive rather than definitive.

Given that the Caribbean is indicated to have benefited from static gains from trade liberalisation due to improved x-efficiency and allocative efficiency, regional producers and policy makers should promote research to identify sectors and activities where there is still good potential for exploiting these efficiencies, and provide incentives for firms to invest in these activities. This is important because accumulation is about continuously exploiting new areas of efficiencies.

Caribbean countries articulate an integrated development model that creates a suitable balance between export-led growth and domestic demand-led growth. The current model with its heavy overemphasis on export-led growth as a driver of competitiveness is unsuitable to the needs of the region. As small, open economies, the region would always need to promote exports to fill the

²⁸³ See Akyüz, Yilmaz, Milberg, William and Wade, Robert (2006), "Developing Countries and the Collapse of Doha Round: A Forum, Challenge, November-December.

²⁸⁴ Incidentally, in the Caribbean, although the Lewis model has been championed as the forerunner of regional ISI strategy, Sir Arthur Lewis highlighted the importance of a balanced growth strategy that includes both an active export drive and import-competing activities, unfortunately, during the phase of ISI, Caribbean policy makers adopted the latter with very little focus on the former, with adverse consequences. Incidentally, the Asian NICS were very faithful to Sir Arthur's thesis and prospered as a result of it.

foreign exchange gap. Nevertheless, in economic history, exports are a corollary of domestic production. The region therefore needs to seek out areas of domestic demand such as in agricultural food production, professional services, including business development services, logistics, entertainment and recreation services that remain underexploited and thus tend to result in higher prices than necessary.

On the supply side, the region needs to tackle a number of critical issues to foster competitiveness in a liberal trading environment. Of utmost importance is the need to transcend specialisation based on static comparative advantage. As suggested before, the Caribbean remains locked into plantation economy specialisation with little value added, technological intensity in production and product differentiation. This applies both to goods such as sugar, bananas and rice, but also to tourism (based largely on sun, sea and sand) and enclave manufacturing. Static comparative advantage specialisation in an era of globalisation is simply unviable. This is particularly so for traditional primary production such as sugar and bananas, where preference erosion has made much production largely uneconomic, but also for traditional tourism (marked by limited product differentiation, service development and innovation) and low end offshore financial services.

The Caribbean must plot a strategy to develop dynamic comparative advantage in selected activities that are at the frontier of sustained world demand. This would entail raising value added, productivity and efficiency in traditional sectors, including sugar and rice in countries such as Guyana, where there is still the prospect of viability and transitioning out these activities in other sectors where it is evident that there is little or no hope of competitive production, as has been done in the case of sugar in St. Kitts and Nevis. In the mineral sector including bauxite/alumina, petrochemicals and gold mining, an innovative strategy should be developed to kick start or accelerate downstream activity. This could entail incentives to promote joint venture partnerships built on technology transfer, learning by doing, improvement in technical and managerial skills of the workforce and encouragement of a culture innovation, invention and excellence in production and exchange.

There is the need for a diversification and restructuring fund at the multilateral level to accelerate the beneficial integration of developing countries in the world economy. Caribbean stagnant commodity producers, in particular, can benefit from this fund to embark on new areas of production and trade and to dynamise stagnant production systems, especially for commodities to make them competitive by adding value, increasing productivity and quality, reducing transport and other transactions cost and enhancing after sales service.

Conclusion

In the wake of trade liberalisation and globalisation, competitiveness has become an imperative for Caribbean economies. In fact, the writing was long on the wall for specialisation in static primary production such as sugar, bananas and rice, based on preferences. However, countries persisted because it is always difficult to mobilise a constituency for change in boom times. Countries are now aware that constructing development on pillars of preferences and low value added traditional activities is a lost cause. It is now well recognised that a competitive economy is key to sustaining high long-term growth and development. This has been underscored by the experience of successful economies in Asia and other regions that have been catching up (converging) with OECD countries. The ‘holy grail’ for the region is how to unlock domestic production and trade to build competitive industries/activities and institutions that can promote equitable growth.

Although there is no silver bullet for developing and sustaining competitiveness there are some factors that contribute to it. Ex-ante, the main engine of competitiveness is relative productivity and efficiency in production and exchange. Sluggish factor productivity growth in the region has been a major drag on competitiveness and economic restructuring. Unfortunately, trade liberalisation does not seem to have really accelerated the process of dynamic change. This does not mean, however, that the region cannot benefit from a more open trading regime, as such this holds the potential to

stimulate more competition and improved methods of doing business. Nevertheless to realise such gains, the Caribbean needs to get its domestic policy house in order. There is a clear need to raise the technological intensity of production by strengthening the quality of capital, processes, organization and managerial systems at the disposal of workers. In the essential tourism sector, careful attention needs to be paid to product and service development, differentiation and marketing. The region simply cannot continue to rely on sun, sea and sand tourism, but must diversify strategically into heritage, nature, geriatric, health, sports and culture and other branches of tourism. There is also the need to improve product branding to delineate different product groups by costs and quality of service, so that the consumer can know up front what to expect. Importantly, human resource training in the sector should focus on ways to combine technology, organization and management to reduce costs, raise product quality and to innovate to develop new products and combinations of products and services that would be demanded by the consumer.

Critically, private producers need to benchmark their production and exchange systems by international best practices to achieve minimum standards in production, advertising, marketing and after sales services. This would require international certification, such as ISO 9000 and 9001, in manufacturing and some services to boost general acceptability and demand on the international market.

There is also a need to improve the business environment to reduce the transaction costs in setting up and running successful businesses in the region. At present, high levels of corporation tax, poor quality services and long administrative delays, especially in obtaining business licences and clearing goods at customs raise the cost of doing business in many countries of the region.

Careful attention must also be paid to the role of the State in the economy, as market failure is a real problem in the region. Although the State should not overreach itself, selected industrial policies to facilitate growth and competitiveness in key clusters of economic activity might be necessary, especially in the wake of flagging private investment in a number of countries. Nevertheless, the State should promote a business environment that facilitates private entrepreneurship.

At a more generic level, there is need for a more balanced development model that combines export promotion with domestic activity based drivers of growth and competitiveness. Domestic agriculture, for example, holds great potential for acting as a greater growth stimulus with the right incentives and can also help to alleviate the food trade deficit and encourage healthier eating choices. Light manufacturing, agro-processing and domestic services are all underdeveloped and can act as better catalysts for growth and competitiveness.

Regional integration also has a vital catalytic role to play in boosting competitive production and exchange. Although regional trade remains below par, reflecting external orientation, this is not necessarily cast in stone. The regional market holds good potential for providing an incubating testing ground for new products and services, where entrepreneurs can learn the ‘tricks of the trade’ to penetrate external markets. The larger scale economies of the regional market are also essential for achieving marketing critical mass for various types of goods and services. Importantly, the regional coordination in the area of product/service standards, quality and competition practices are essential to the development of cutting-edge activities that can hold their own in any theatre of competition.

Ultimately, however, improved trade performance and especially competitiveness are not ends in themselves, but means to the ends of equitable growth and development. These key drivers must be leveraged to enable the Caribbean to create more equitable and dynamic societies, with higher living standards for its people.

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Prospects for development: CARICOM's performing arts sector²⁸⁵

Halcyon E. Hoagland

Abstract

This study advanced the view that the cultural industries provide an important avenue for socio-economic development through the generation of earnings, employment, and linkages to other sectors and arts infrastructure. The study questioned how the performing arts sectors in Jamaica and Trinidad & Tobago contribute to socioeconomic development.

Using a mixed methodological approach, the study examined the cases of Jamaica and Trinidad & Tobago through closed and open-ended interview questions with stakeholders relating to the issues that prevent the sectors from competing globally. Findings indicated that the performing arts sector holds significant potential, but lacks financial resources and infrastructure to make a meaningful contribution to socioeconomic development. The study concluded that the direction for future research should emphasize empirical data collection and establishment of supporting financial and infrastructural mechanisms to support and promote the performing arts.

Global overview

The performing arts are made up of individuals and commercial, non-profit, or hybrid organisations that engage in presentation of live performances, education and international exchange of speech, poetry, drama, dance, music, and traditional folk forms, in venues and informal spaces of all sizes. Borrowing from John Howkin's (2001) definition, the performing arts include the skills of writing, producing, casting, directing, and performing; design, lighting, and sound; costume; set making; and (management) marketing. The performing arts also includes Arts in Community Development, which incorporates and

²⁸⁵ This paper appears as the seventh chapter of *The Cultural Industries in CARICOM: Trade and Development Challenges*. Prepared for the Caribbean Regional Negotiating Machinery, 2007. The full report may be accessed at http://www.crn.org/documents/cultural_industries/Cultural_Industries_Report_Final_Jan07.pdf.

enlists various performance art forms to engage populations not typically engaged by traditional approaches in a process of social development. This approach is emerging and is “consistent with new cognitive theory and research that shows reason, emotion, and physical experience are not separate phenomena, but fully integrated and interdependent mental operations...the arts are profoundly practical methods and media for learning and understanding...it is also an approach that is beautifully aligned with the growing need for cultural understanding in a fractured global society, for creativity in the economy and civic life, and for developing the potential of many young people who are frequently overlooked in more conventional academic environments.”²⁸⁶

The past two decades have seen distinct divisions in the performing arts sector, between large commercial recording and broadcast media dominated by a few media conglomerates, and smaller organisations that are flourishing at the local informal level. The large organisations, both commercial and non-profit, rely increasingly on mass advertising and marketing campaigns and predictable programming that cater to the widest audience segment. Small organisations and individual artists, while still facing serious financial and staffing issues, find more flexibility in niche markets, the Internet, and e-commerce to open up opportunities in funding, organisation, networking, and sharing of practices. In the middle of the two extremes are the middle-sized non-profit arts organisations that, due to reductions in demand, rising costs, and declining funding streams, must rally to either become larger and more prestigious, or smaller and more community oriented.²⁸⁷

The sector has also seen changes in breadth and scope. Employment opportunities for artists have grown as the arts are now regularly employed as agents in diplomacy, sustainable development, and social change, where, increasingly, more national agencies and non-governmental organisations worldwide are involved in culture and development programs. Recent years have witnessed more research and initiatives devoted to the intersection between business, marketing, management, and culture, as well as education in the arts and cultural fields worldwide. Numerous Web sites, conferences, international alliances, and organisations, such as the Arts & Business Council (funded by American Express), Americans for the Arts’ National Arts Marketing Conference, and Fuel 4 Arts, support the management and administration of artists and organisations. These indicators may signal moving away from support of production and performance of the arts—“supply strategies”—towards a “demand strategy” that stimulates public involvement and places public benefits of the arts at the centre of the discussion to ultimately increase individual exposure, knowledge, and access to the arts.²⁸⁸

Economic performance

This is not self congratulatory talk. This is about art. This is about reality. There is not a place in this town where we can rehearse. There is not a place where Noble Douglas can take her dancers and work. It’s like it was 40 years ago. Port of Spain in terms of the arts is no better than it was.²⁸⁹

Derek Walcott, *Trinidad Express*, August 31, 2005

It is estimated that CARICOM hosts over 1,000 artists and cultural organisations, over 100 dance companies, 50 theatre companies, 40 non-religious chorale ensembles, and dozens of informal community-based folk performing groups. In the larger islands, there are dozens of professional practitioners in the performing arts, with fewer but of no less quality of instruction or product in the smaller islands. In Trinidad and Tobago alone there are nearly 64 dance schools offering instruction in a variety of dance styles—Latin, ballet, folk, East Indian, modern, and ballroom,²⁹⁰ and in Barbados

²⁸⁶ Nick Rabkin, quoted in Leventhal and Wiens (2006).

²⁸⁷ See McCarthy, K., A. Brooks, J. Lowell and L. Zakaras (2001).

²⁸⁸ McCarthy et al.

²⁸⁹ Trinidad Express, August 31, 2005 accessed 6-29-07 at <http://www.guardian.co.tt/archives/2005-08-31/news3.html>.

²⁹⁰ Strategic Plan for the Entertainment Industry of Trinidad & Tobago, January 2006.

there are nearly 35.²⁹¹ In both cases, many of these schools have full-scale performing ensembles that perform locally as well as tour regionally and internationally.

TABLE 1
CARICOM PERFORMING ARTS ORGANISATIONS

	Profes- sional Dance Artists	Profes- sional Theatre Artists	Theatre Companies	Dance ** Companies	Venues	Other ^	Total Artists/ Organisations
Barbados	36	16	9	7	8	35	111
Jamaica	75	92	13	9	12	70	271
Trinidad and Tobago	76	95	8	65	16	25	285
Aruba	n/a	n/a	n/a	1	4	n/a	5
Bahamas	63	n/a	n/a	6*	4	10	83
Cayman Islands	5	10	1	n/a	2	n/a	18
Guyana	23	30	5	10*	5	n/a	73
OECS	47	47	15	21	28	20	178
Total Arts Organisations	325	290	51	103	79	160	1,009

Source: Caribarts.org database, oecculture.com database, and stakeholder interviews

*Proxy

** Many with educational arm

^ Informal performing arts groups, chorale ensembles

Table 1 illustrates the scope of the sector in terms of individual artists as well as numerous cultural organisations. There is a very high degree of artistic excellence instilled by professional artists who have led key organisations for decades and have been instrumental in driving progress for the sector. These numbers provide a snapshot of the performing arts activity currently alive in the region. Overall, the sector is quite fragmented, with various agencies and organisations operating with very few resources and pursuing different agendas. However, consolidation of these efforts is not thought to be the key to unleashing the potential of the sector. Priority must be given towards marketing and promotion to wider international audiences; gaining reliable data and reporting on audiences, funding, best practices and programs; and private and public investment which will begin to cultivate an arts infrastructure that will provide for future generations of artists and arts administrators in a comprehensive manner.

Income for the performing arts

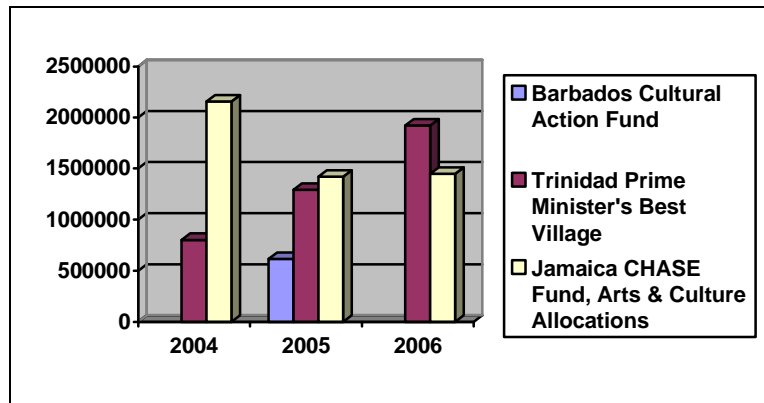
The performing arts globally generally exist as an extension of the non-profit sector that relies heavily on subsidisation of activities and operations to function. To this end, there *is* a discrepancy between definitions of the cultural and creative industries outlined broadly by PricewaterhouseCoopers. Any definition must take into consideration the fact that economic activity stemming from philanthropy is part of the income for the sector.

Income for the performing arts sector is generated primarily through earned income since few mechanisms exist to fund operating or programming expenses through corporate, foundation, or government grants or subsidies. Such funding is critical in the growth and expansion of the sector, as

²⁹¹ Barbados Prime Minister's 2002 Forum on Culture Report

it provides operating support to build organisational capacity. Some work is being done to diversify the funding pool, but more could be done to cultivate donors and establish a system of philanthropy to help drive growth of the sector. The following chart is a snapshot of funding currently allocated to the arts and culture from Barbados' Cultural Action Fund, Trinidad and Tobago's Best Village program, and Jamaica's Culture, Health, Arts, Sports, and Education (CHASE) fund.

FIGURE 1
CARIBBEAN ARTS FUNDING, 2004-2006



Source: Stakeholder interview, Trinidad
Barbados Cultural Action Fund Web site²⁹²
Jamaica's CHASE Fund Web site²⁹³

In 2004, 82 CHASE arts and cultural projects were approved, totalling 24.35 percent of the overall budget of almost US\$9 million. In 2005, the number decreased to 61 approved projects with a total allocation to arts and culture of US \$1,418,065.25. In 2006, 61 projects were again funded, to the tune of US\$1,447,933.22. Overall, only 15 percent of the CHASE budget is allocated towards arts and culture projects. CHASE administrators have noted yearly increases in the number of proposals being submitted for funding consideration. The result is more competition for a limited pool of funds. CHASE was conceived in 2002 under the Companies Act to receive, distribute, administer, and manage the monetary contributions from the lottery companies pursuant to Section 59G of the betting Gaming and Lotteries Act. Still, an overwhelming 40 percent of allocations were made to the sport. Since its inception in 2004, Barbados' Cultural Action Fund has funded a number of projects totalling US\$614,000. Trinidad and Tobago's Best Village programmes largely funded as a function of the Ministry of Community Development, Culture and Gender Affairs but nevertheless has steadily increased allocations during 2004-2006 from US\$801,000 to US\$1,923,000, a total increase of 41.7 percent.

²⁹² See Barbados National Cultural Foundation at <http://caf.ncf.bb/>.

²⁹³ See CHASE Fund Web site at <http://www.chase.org.jm/>.

One dance stakeholder in Barbados spoke candidly about the financial challenges in the sector, noting:

As an individual that had the experience of living and working in America, it is no comparison between the (performing arts) industries. In the Caribbean it is even a bigger struggle to survive as an artist and more so a culturalist, and as for the industry, it only benefits the powers that be like the Tourist Boards, Cultural Foundations, etc...The artists are utilized only for entertainment, and very little funding if any is placed for development as an organisation. When we do work, it takes weeks before we are paid the minute stipend offered to us for our services. We are given concrete floors to perform on in the hotels, as well as bathrooms to change in...when it comes to international performers coming into the Caribbean; they are given international standards to work with from payments to changing facilities.

He continued:

I just completed a production that only ran for a weekend that was a financial disaster. I am at this moment \$12,000 (BD) in debt, we have already paid out \$11,000 in services and are awaiting coverage for the facilities—a total of \$10,285 from a promised sponsor.

Income must therefore derive from ticket sales, workshops, teaching engagements, touring, presentations and performances, and other commissioning, curating, or consulting services. Earnings are mostly functional, and are channelled back through the company for operating expenses. After expenses are paid for performer salaries, costuming, venue rentals, etc., profits are marginal. One stakeholder explained:

By earnings, you assume some profit margin, which for the Dance does not exist. To figure out artistic earnings you can present under an artistic umbrella. Music is the arena in which earnings are made. My company is the only dance company which salaries dancers on tour and recently salaried two full time dancers. This means no earnings as profit but to pay salaries. Every tour varies if the company tours for the government there is absolutely no income except for per diem and they cover travel expenses, etc.²⁹⁴

TABLE 2
EARNINGS SNAPSHOT: THEATRE AND DANCE ENSEMBLES

	Annual Performances	Estimated Annual Revenues
Dance	150*	US\$22,000-\$52,000
Theatre	100	US\$250,000-\$300,000 (including touring revenues)

Source: Stakeholder interviews, Jamaica and Trinidad

* based on an average of 2-5 performances weekly in a 52-week year

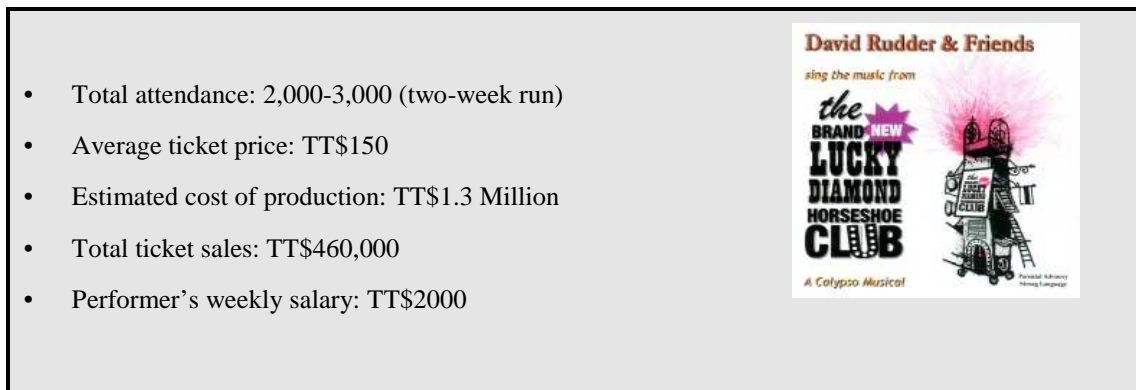
The rental of venues is a major expense, as is media and newspaper advertising and promotion. With any theatre or dance production, complimentary tickets inevitably are given in excess, stripping away potential for profits. These problems were highlighted in February 2006 in the case of Tony Hall and David Rudder's *The Brand New Lucky Diamond Horseshoe Club (A Blues Kaiso in Jouway Opera)*, which opened for a two-week run at the Queen's Hall Theatre in Port of Spain. The project was successful, but could have produced a brighter financial outlook had it been managed more effectively. Marketed as an alternative to the calypso tent during Carnival time, the mounting of the production in 2004 had originally been absorbed by Indiana State University's

²⁹⁴ Stakeholder interview, March 2006 via email

Summerstage Program, with relatively few costs to Hall and Rudder personally. The university paid the cast, crew, and all overhead for the run.

The cost of the Trinidad production included rehearsals for a full cast, set design, and musicians. The show's creators used personal funds to finance the project, estimating a 40 percent occupancy rate. The Ministry of Culture, Community Development and Gender Affairs and other corporate sponsors were the main sources of funds for the 2006 production, with several purchasing a series of performances. Problems arose with poor implementation of projected budgets, unrealistic expectations for promotion from corporate sponsors, and lack of follow through on funding commitments. The producers felt this was largely due to a misunderstanding about the fundamental differences between arts funding and sponsorship, and, specifically, overall lack of arts funding in Trinidad and Tobago. The show overall showed tremendous promise as a theatrical offering which drew on the top names and talents in the entertainment industry to produce an indigenous play and soundtrack which could, and hopefully will, be exported and toured to international locations such as Toronto and the newly constructed Miami Performing Arts Center.

FIGURE 2
THE BRAND NEW LUCKY DIAMOND HORSESHOE CLUB AT A GLANCE



Source: Stakeholder interview, June 2006

Employment

While it is clear that very few performing artists are making a fulltime living in the performing arts, the supplementary income earned is significant enough to funnel back into the company to sustain the organisation. Very few have paid staff and rely heavily on volunteerism from the community. Prominent figures in the industry are sought after by international organisations to choreograph, consult, and teach, and have indicated that, over the years, international opportunities have sustained their careers substantially.

Employment figures include full and part-time cultural workers positioned in arts and cultural organisations; non-governmental organisations; international cultural organisations; professional/lead artists in the community; administrators, production, and box office staff of performance venues; Educators engaged in arts and culture either directly or indirectly; Full-time staff and part-time tutors employed by ministries of culture. The following chart illustrates the scope of professionals and volunteers working in the sector:

TABLE 3
EMPLOYED CULTURAL ADMINISTRATORS AND VOLUNTEERS

Country	Cultural Administrators	Volunteers
Barbados	40	n/a
Jamaica	295	350
Trinidad and Tobago	347	450
TOTAL	682	800

Source: Barbados' Prime Minister's Forum on Culture held June 28, 2002.
Estimates based on scope of the sector and stakeholder interviews.

In Trinidad, an entertainment industry survey conducted by the Ministry of Trade and Industry and released in January 2006 estimated that employment in the theatre and dance sectors of the performing arts totalled approximately 928 persons and over TT\$10,000,000 in revenues. Much of the employment in the region stems from full-time cultural administrators, as in the case of Trinidad and Tobago's Ministry of Community Development, Culture and Gender, which employs 47 full-time staff and 200 part-time tutors to administer and prepare participants in traditional art forms for the annual Prime Minister's Best Village Festival. Trinidad and Tobago's inclusion of the carnival industry increases these figures substantially, pushing employment to 4,524 and over TT\$163,587,200 in revenues. It is very evident, however, that there is a very large degree of overlap within the dance and theatre segments, who do contribute to carnival significantly in choreography and other services.

Using the earnings indicated in table 3, theatre and dance ensembles have the potential to generate revenues from services rendered. These snapshot figures were used and multiplied by the number of groups generating income. The estimates are an initial attempt at quantifying the economic impact of the performing arts. Estimates could be slightly larger for Jamaica, where the National Dance Theatre Company decidedly generates more revenues than US\$25,000 annually, or for Trinidad and Tobago where groups such as Malick Folk Performers or Clico Shiv Shakti are believed to earn in excess of US\$25,000 annually.

TABLE 3
PERFORMING ARTS ECONOMIC IMPACT

Country	Theatre and Dance Revenues (US\$)	Employment
Jamaica	\$1,640,000	482
Trinidad and Tobago	\$1,817,601	928
Barbados	\$525,000	150
OECS	\$820,000	220
TOTAL	\$4,802,601	1780

Source: Jamaica: Based on 9 dance companies and 13 theatre companies at an average income of US\$25,000 per year, with contingency for 109 professional artists consultancies at an average of \$10,000 per year. Trinidad: Strategic Plan for the Entertainment Industry of Trinidad and Tobago, January 2006. Barbados: Based on 7 dance companies and 9 theatre companies at an average of US\$25,000 per year, and 25 professional artists average of US\$5,000 per year. OECS: Based on 21 dance companies and 14 theatre companies at an average income of \$10,000 per year, with contingency for 94 professional artists at an average of \$5,000 per year.

Linkages to the other sub-sectors

The performing arts sector links directly and indirectly to other areas of the economy and for the purposes of this study, is measured by the presence or absence of interaction across sectors, as well as incentives or initiatives that encourage business sector involvement. From branding and design, promotions and merchandising, air and ground transportation, the audiovisual sector, food services and hotels, the sector interacts with many other entities in profit and non-profit interactions which propel it forward. One stakeholder, when questioned what kind of intersections are made between the performing arts and other sectors responded:

Lots, in the sense that an exhibition or production or a product of some kind always requires the services of people and companies in the other sectors (you have) mentioned. There are not many members of the private sector who are solely dedicated to providing these services to the arts/cultural community in particular, but there are many partnerships between the cultural and business sectors in all countries in the region.²⁹⁵

The following descriptions represent a few of the current linkages being advanced by the sector, namely with the corporate sector; music, film, animation, and video production; conferences, training, and education; urban renewal; and finally, festival and heritage tourism. The sector stands to gain tremendous visibility, credence, and earnings when effectively collaborated with the following areas.

Corporate

Dr. Nettleford's view is that the arts cultivate a work force with a high degree of discipline, training, and skills that easily transfer to the corporate arena and "energize the workforce."²⁹⁶ Corporations make direct contributions (Republic Bank of Trinidad and Tobago, Suriname Airways, Jimmy Aboud, the Textile King, and many others) but also, as in the case of the National Dance Theatre of Jamaica, contribute indirectly to the arts by giving paid time off to dancers going on tour or performing while working in full-time positions. Collaborative efforts can be strengthened by creating infrastructure that will compliment both business and arts sectors.

Music, film, animation, and video production

Cross-collaboration between the professional music industry and the Jamaican Cultural Development Commission has worked in a symbiotic relationship since the inception of the popular song competition in 1999. In 2006, female reggae recording artist Pam Hall wrote songs for the competition. VHS Recordings of festival competition finals and popular song, gospel song, and Mento competitions were produced in 2002, and DVDs created in 2005 and 2006, to be distributed in record shops throughout Jamaica and through Jamaican consulates in the diaspora. The technological savvy of the audiovisual sector can be shared to help JCDC produce its own products for distribution. Area Youth Foundation is another case in Jamaica that is in the process of enlisting the publishing sector to create comic books based on real-life challenges of youth from Mountain View and West Kingston neighborhoods.

Conferences, training, and education

To continue to meet this demand, and deepen the economic impact of the (offshore education) sector, the region should focus on creating a robust investment climate by raising accreditation standards, supporting

²⁹⁵ Stakeholder interview via email, April 2006

²⁹⁶ Stakeholder interview, February 2006, Jamaica

regional accreditation agencies, and moving towards a harmonized and transparent investment regime, including encouraging FDI in the higher education sector (World Bank, 2005).

Research indicates that there is a growing market and potential for the Caribbean to serve as a gathering place for training and development in various arts practices, arts education, and arts-in-community development. Alternate routes to cognition and learning and providing answers to chronic social issues through the arts are gaining strength in the Caribbean region. There are growing numbers of emerging artists, NGOs, and educators who have advanced such methodologies to address educational, conflict resolution, and youth employment needs of their communities. Increasingly important is the sharing of best practices that can be implemented in this arena. One such forum was UNESCO and the University of the West Indies at St. Augustine's 2nd Caribbean International Arts Education Symposium, held in June 2005. It drew 80 practitioners of arts education from the Anglo-Caribbean region (Aruba, Barbados, Grenada, Guyana, Jamaica, Montserrat, St. Lucia, Suriname, Trinidad & Tobago) Europe, North, South and Central America, and South East Asia, and had a participating audience of approximately 250 artists, teachers, librarians, students, policy makers, and observers. These events are an important crossroads for interaction and networking, and clearly provide long-term linkages to the economy through education, human, and behavioural development.

A common concern of stakeholders was the shortage of suitably trained support personnel, particularly in the areas of lighting, costume design, and set design and construction. Herein lies potential for regional and international movement and collaboration of professionals for on-site workshops, conferences, and professional development, which lead to greater skill development in these areas.

Urban renewal

A community economic impact study of the non-profit arts community, *Jobs, the Arts and the Economy*, conducted by the National Assembly of Local Art Agencies (1994) concludes that when communities invest in the arts they are not opting for cultural benefits at the expense of economic benefits. Research shows that in addition to being a vital means of social enrichment, the arts are also an economically sound investment for communities of all sizes. Arts districts create business investment, reverse urban decay, and draw tourists. Attendance at arts events generates income for hotels, parking garages, transportation services, restaurants, and more.

Projects currently underway which at least theoretically include arts and cultural provision are the renewal of downtown Kingston, headed by the Kingston City Centre Improvement Company. This urban renewal project would include restoration of the dilapidated historic Ward Theatre and enlist the arts and culture as a means to revitalize the city centre. Likewise, the Falmouth Restoration Project financed by the Bank of Jamaica is another case that holds promise for development. Plans are said to be underway for the construction of a theatre that will house productions showcasing and highlighting the history and culture of Jamaica.

Festival/Heritage tourism

The possibility for greater programming and integration with the cruise line industry is to be explored. Currently, few Caribbean performers are employed as entertainment on the ships. Little has been done to cultivate programming on board the ships when docked in Caribbean harbors. Increasingly, consumers seek a bi-directional tourist experience rooted in something more meaningful than sun and sand. The Caribbean's arts and cultural offerings ought not to be diluted to suit tourists, and should include an educational aspect with an eye to sensitivity towards cultural tradition, history, and origins.

Performing arts festivals also hold promise and are among the most significant ways of building a comprehensive picture of arts participation in the region. Festivals also represent

considerable income generation and cross linking to other sectors of the economy. The following is a representation of the key festivals presently in operation.

TABLE 4
KEY PERFORMING ARTS FESTIVALS

FESTIVAL	LOCATION	FREQUENCY/TIME
Grenada Drum Festival	Grenada	Annually, May
Caribbean Folk Dance Festival	Antigua	Annually, May
Holder's Festival	Barbados	Annually, March-April
Fi Wi Sinting	Jamaica	Annually, February
CARIFESTA	Roaming	Biennially
Calabash International Literary Festival	Jamaica	Annually, May
Abaco Junkanoo Summer Festival	Bahamas	Annually, May-August
Tobago Heritage Festival	Tobago	Annually, June-July
Gwo-ka Festival	Guadeloupe	Annually, July
DOMFESTA	Dominica	Annually, April-June

Source: Internet

**Not inclusive of all independence, emancipation celebrations held throughout CARICOM

These events hold potential for deeper tourist interaction and cross-sectoral earnings in the air, hotel, restaurant, music and audiovisual, accounting, law, and other sectors. This year's Fi Wi Sinting festival brought hundreds to the parish of Portland, Jamaica, but suffered from lack of committed sponsorship. The festival's founder Sista P noted, "I don't know if it's because it has to do with black or Africa, but they don't (sponsor the festival)," she said of corporate Jamaica. This is despite the festival's growing attendance, and that, since its inception in 1991, it has emerged as an important and popular day-long event offering many offerings of Afro-Jamaican heritage.²⁹⁷ Likewise, CARIFESTA still represents a promising intersection between the arts and other segments of the economy. However, without a full-time management staff and board of directors to cultivate donors and strategically plan and evaluate it properly, its potential will continue to be compromised.

Linking different sectors of the economy involves creating incentives for the business community to be involved from an economic perspective. This is encouraged by the presence of tax breaks and incentives given to the corporate community, such as in Trinidad and Tobago where, since 2002, companies have been allowed to claim a deduction of up to 150 percent of expenditure incurred in contributions towards local art and culture, training of employees, video production, and sports. As of January 1, 2006, the 50 percent increase for other expenditures including sponsorship of the arts, sports, and culture (up to a maximum of \$1 million) was to be removed, which was anticipated to have a negative impact on contributions to approved charities and NGOs.

Provisions should be inclusive of incentives for arts and culture expressed as percentages of new construction or renovation budgets. This has been a successful approach in some U.S. locations where a percentage of construction budgets are allocated towards commissioning or purchasing artwork for public areas. Taking this idea one step further, the performing arts benefit by having a similar provision for public spaces where music, dance, and theatrical exhibitions could occur.

²⁹⁷ Tanya Batson-Savage, *Jamaica Gleaner*, Sunday, July 23, 2006.

Regional assessment

In recent years, the Caribbean’s non-profit and commercial performing arts have become more visible and accessible to audiences outside the region. This is due in large part to the rise of consumer demand and increased interest of art forms that have been introduced and transmitted through migration and transnational arts movements. Through the worldwide integration and expansion of networks of artists, presenters, and the development of cultural facilities and festivals, the once informal²⁹⁸ arts sector is now being presented on stages and in venues worldwide, forcing formalization practices in pricing, marketing, and overall capacity building.

The formal and informal sectors of the arts inform each other and develop the market share of the arts by sharing information, personnel, and financial benefits among community-based groups and organisations, individual artists, organisations, and private and public institutions (Wali et al., 2002). Both sectors provide central figures that are conveyors of national identity, and to the extent that these art forms are highly differentiated, the core competencies of these artists and organisations represent a competitive advantage to the region—but still lack international and regional representation.

Live performance organisations in the Caribbean traditionally operate as non-governmental organisations. There is now an imperative, however, to move beyond this structure that presents a typical pattern of sustenance that is highly dependent on philanthropic contributions from corporations (Air Jamaica, Catelli, Guinness, Carib Beverage Company, Amoco/BP, Pan Am, and Trinidad Cement Limited (TCL), a few foundations, (Barbados’ National Cultural Foundation Cultural Action Fund, Jubilee Trust Fund), private individuals, and direct government subsidies.

It was reported as recently as January 2005 at the United Nations International Meeting on the Sustainable Development of Small Island Developing States (SIDS) that the main sources of funding for arts and culture are CARICOM, the Caribbean Forum of ACP States (CARIFORUM), the CARIFORUM Support Fund (CARIFORUM Cultural Centers Project), Caribbean Export, and various arts and culture agencies (Brown, 2005). This clearly calls for diversification of the funding pool available to artists and organisations alike. Since there is usually a discrepancy between earned income (box office receipts, fees paid to artists by presenters, workshops, and courses) and expenses (theatre rental, costumes, marketing, and promotion), organisations are at the mercy of philanthropic contributions to fill the income gap. To minimize expenses, small and medium-sized arts organisations employ ad hoc structures, relying heavily on volunteers who replace paid staff, exchange of services, and local participation by the communities in which they operate. Very few groups have had long unbroken ‘runs,’ and the typical picture is of small to medium sized companies within individual countries, “with just two regional-level theatre groups in recent history, both of which were created for specific performances and disbanded afterward.”²⁹⁹

Performing companies also face deficiency in permanent artistic homes and professional performance spaces—at the present time there are no theatres in the English-speaking Caribbean with seating capacity over 1,000.³⁰⁰ Transient companies find difficulty branding their performance product, cultivating and maintaining audiences, and creating infrastructure without permanent or at least stable homes in which to operate.

Some international organisations and governments have begun mounting more international cross-collaborative initiatives for fundraising, sharing of resources, and development. Such collaborations encourage sharing of resources and exchanges, but are still subject to donor bias as well as the allure of financing new projects or initiatives. Long-term funding for operating support is also needed to build capacity and provide incubation periods for nascent organisations.

²⁹⁸ Based on a study conducted by the Chicago Center for Arts Policy the informal arts refers to arts activities that are located and fall “outside the traditional non-profit and commercial production experiences” but are nevertheless a vital source of cultural capital (Wali et al., 2002).

²⁹⁹ www.Caribarts.org, accessed 2-29-07

³⁰⁰ Keynote address made by Dr. Hillary Brown at the International Society for the Performing Arts Foundation’s 2001 conference. Online at <http://www.ispa.org/ideas/brown.html>.

Market analysis

For the performing arts to thrive, emphasis must thus be placed on diversification of funding sources; re-positioning of donors/patrons as partners in the enterprise; the generation of earned income; creation of suitable and affordable theatre and rehearsal spaces and venues; and development of cross-collaborative programming and networking opportunities for artists in the region.

While there has been an influx of interest in folk and roots forms in recent years, this does not automatically mean that the most provincial presenters and international artist managers are booking these groups. Many international venues change their programming thematically, and artists/arts organisations respond accordingly. International visas, hotel and transportation costs, and performance fees also limit the extent to which Caribbean artists may be presented on international stages. Lack of professional management hinders creative artists from accomplishing even the most fundamental tasks, such as sending promotional videos and packets and correspondence surrounding organisation of travel and tour schedules/logistics. International presenters and venues face communication and timeline issues which force them to book the most accessible, professional groups on the international market.

There are increasingly more folk and roots music and dance groups from Latin America, Africa, and the Caribbean diaspora (New York, London, Toronto, Washington, DC, Chicago). Many of these ethnic-specific ensembles shop their performance product to international folk and roots festivals and to similar venues as the same Caribbean-based groups do. Many of these diaspora groups provide access to similar repertoire and traditions as Caribbean-based groups do (rumba, salsa, reggae, and steel pan, as well as others folkloric in nature), drawing inspiration from the home country while maintaining a high level of accessibility with lower costs to local presenters and venues in diaspora communities.

Export earnings in Jamaica

Export earnings of performing artists and ensembles are indicated most prominently through live touring ensembles and media recordings. On the live touring side, a number of theatre productions tour internationally on a regular basis and have done so since the mid-1980s. A flat fee of about US\$5,000 will buy a cast and crew that presenters/promoters (generally members of the Caribbean diaspora in Orlando, Atlanta, Washington, DC, New York, Connecticut, New Jersey, Bermuda, Texas, and Los Angeles) will present to audiences in mid-size venues such as the North Miami Beach Performing Arts Center (931 seats) the Coral Springs Center for the Performing Arts (1458 seats). One play producer estimated US\$250,000-\$300,000 generated annually through his touring operations. Others may have similar figures and are presented in the same fashion. They do not, however, tour year round, but instead perhaps only several times in one year. As for dance, L'Acadco, Ashe, National Dance Theatre Company, Area Youth Foundation, and dance groups in JCDC's annual festival competition have all travelled/toured/presented internationally. When sponsored or sent as delegates for the government, only per diems and expenses are covered. Export earnings are dependent on the fees charged to presenters or, in rare cases, contracts entitling them to a percentage of gross box office receipts. Market value of the ensembles for presentation internationally, depending on the scope of the production and number of artists travelling, ranges between US\$10,000 and \$20,000 for the larger ensembles, and substantially lower for the smaller, community-driven ensembles.

Since 1999, the Jamaican Cultural Development Commission has sought to export VHS and DVD recordings and highlights of its annual festival competitions through consulates in the diaspora. The organisation recently attended the MIDEM French Music festival to partner with international organisations that will help commercialisation of distribution of festival competition finals in mento, gospel song, and popular song. VHS recordings in 2002 and DVDs in 2005 and 2006 are being distributed internationally to record shops throughout Jamaica and through Jamaican consulates in the diaspora, and, before too long, will most likely have wider circulation through the independent efforts of the JCDC staff.

Competitive analysis

Stakeholders emphasized the importance of having a space for the arts to develop beyond the traditional infrastructure beyond state-enforced propagation of folk culture. There is great overall interest in evolution and experimentation, in accessing unorthodox performance spaces, and using the arts to serve a greater social function. *DanceFest* in Jamaica is one such attempt to provide a forum for new works. The festival was mounted for the first time in August 2004 and drew audiences over a two-night run at Weekenz Bar and Bistro. Billed as “a celebration of movement in small spaces,” it represented a “fresh space” where abstract works could be explored and presented. To one participant, it represented a place where a “move from the known to the unknown”³⁰¹ could be made. Financing was one of the primary obstacles faced in mounting Dancefest, with the organisers noting the challenges inherent to finding corporate sponsors who are willing to finance dance/theatre products:

They are often more interested in high profile sporting or entertainment events. Still, I feel that it may be better to approach a number of smaller businesses than the larger ones who are used to being asked to sponsor all and sundry events. I also feel that the language used in the approach of a 'sponsor' is important. I think it is critical to have them feel like investors in a product of quality instead of donors to starving artists.³⁰²

As a showcase for new choreographers, one of the major costs incurred for festival producers was choreographer compensation. To overcome these costs, each choreographer received tickets worth JM\$30,000 to sell, retaining the earnings as fees payment. Payment of dancers was left to the discretion of the choreographers.

The overall expansion of markets for performing artists has meant more opportunity as well as competition. Competition is heaviest at the international level in major cities where the most artistic and cultural activity takes place, and where there is a supportive environment in terms of training, facilities, and capital not found in the Caribbean. It is in these cities that artists and organisations generally control the largest segment of the market. For Caribbean artists and organisations, reaching these markets involves dependability on quality of the product, experience levels, and access to distribution channels. International success also hinges on affiliation with international organisations and access to Web-based marketing tools.

Locally, competition exists between artists and groups in different regions (i.e., Port of Spain and San Fernando; Montego Bay, and Kingston) and those with the highest skill level and reputation for excellence will have opportunities presented to them on the world stage. Others who have both skill and are closely aligned with the ministries of culture will have opportunity. Still others will rely on long-term working relationships with international entities and will find funding and touring opportunities through them.

One theatre producer noted, “Sunshine Theatre has been my long-standing promoter in Florida and I have been working through them since 1986.” In reference to the touring opportunities currently available for theatre, he continued: “These days we have less promoters so it is no longer as robust as it used to be.”³⁰³ He describes the current state of Jamaican theatre:

I think Jamaican Theatre is under siege. To the casual observer we may seem to have a vibrant theatre sector particularly in Kingston where there may be up to 7 commercial or semi commercial offerings each night—Tuesdays to Sundays. However, the graph of patrons' attendance is trending down. The theatre patrons seem to respond mostly to comedies and often repeated phrase is "the society is too high stressed, all we want from

³⁰¹ Interview with Stakeholder, February 2006, Jamaica.

³⁰² Interview with Stakeholder, July 2006, via email.

³⁰³ Interview with Stakeholder, March 10, 2006, via email.

theatre right now is the opportunity for robust laughter—to help us forget our worries." To that extent, producers, in order to survive have in one way or another responded to the perceived needs of the patrons resulting in a kind of one dimensional offering—reflecting in general the feeling "we come here to laugh we don't come here to think." Theatre is evolving through this period as a vehicle for relieving the mounting economic and social stress of the people. So "serious" theatre, dramas, historical, or issue oriented theatrical offerings, when they do raise their curtains, are starved for patrons, cash, sponsors' support and for the most part not viable and end up in colossal losses.

Long-standing relationships built on years of experience and personal networking has supported the most successful organisations that have toured and worked extensively internationally. Their core artistic values, like those of the competition, have forged international exchanges and links. Such was the case with Trinidad's 30-year veteran company, Noble Douglas, who in 2003 collaborated with Reggie Wilson/Fist & Heel Performance Group (New York) and Black Umfolosi (Zimbabwe) in a production entitled "Black Burlesque (Revisited)." The production, was produced by MultiArts Projects & Productions/MAPP and commissioned by an array of organisations including: Dance Theatre Workshop in NYC; Miami-Dade College (with support from the National Performance Network, The Miami-Dade County Cultural Affairs Department and the Ford Foundation); and presenters from New York to California. Despite the range of funding this project received, however, it has yet to be mounted in Trinidad and Tobago, or anywhere else in the Caribbean. Reggie Wilson has noted, "I'm still interested in having the full production of Black Burlesque (Revisited) reach Trinidad."³⁰⁴ But without funding or resources to promote international collaboration and expansion that could potentially benefit so many, artists fend for themselves. It is surely a great oversight that the production funded entirely by outside sources has never returned to its roots to be presented on Trinidad's own stages.

The most successful performing artists and organisations in CARICOM often gain access to international markets through their respective ministries of culture, which often serve as clearing houses for information and contacts. For instance, attendance at major international trade shows and international and regional events is governed by the ministries of culture. Clearly there must be representation by the ministries at such events, which serve as invaluable promotional tools on a national level. However, individuals and organisations should also have resources available to represent *themselves* on an international level, beyond Ministries' imperatives.

To achieve competitive advantage, the sector's growth potential must focus both on building quality and on building educational and performance experiences beyond the scope of ministries of culture. Opportunities must be presented to all artists and organisations equally, with the government acting as a clearing house. There should be a forum for performance, for fusing the folk artistic forms that are so distinctly Caribbean, with technical background which helps underpin the comprehensive creative aesthetic. Finally, clear policies on fund allocation and sustainability must be considered where long-term financial assistance for operations, staffing, and ongoing marketing strategy are availed.

³⁰⁴ *Trinidad Guardian*, September 24, 2005.

FIGURE 7.4
LIVE PERFORMANCES IN FOREIGN LOCATIONS

	Performing Company	Touring Locations
Jamaica*	Ashe Performing Arts	United States
	Area Youth Foundation	United Kingdom, Trinidad, Italy
	L'Acadco	United States, Canada
	National Dance Theatre of Jamaica	United States, United Kingdom, Canada, Australia
	Wolmer's Dance Troupe	Netherlands, China
	Basil Dawkins (Jamaica Players)	United States, Canada
Trinidad	Jambiz	United States
	Noble Douglas Dance Company	United States
	Malick Folk Performers	Germany, Canada, United States, Brazil, Italy, Inter-Caribbean
	Clico Shiv Shakti	Venezuela, India, Surinam, Canada, United States
	Jeunes Agape Youth Choir	United Kingdom
Antigua	Antigua Dance Academy	United States, Europe, Inter-Caribbean
	Dancin' Africa	Inter-Caribbean
Barbados	Danse Nationale Afrique	Not available
	Israel Lovel Foundation Dance Co.	Canada, United States, Inter-Caribbean, Venezuela
	Pinelands Creative Workshop	Inter-Caribbean

Source: Stakeholder interviews, Internet

*Additional musical groups include: Carifolk Singers, Jamaica Folk Singers, Immaculate Chamber Orchestra, Glenmuir Choir, many music groups at churches, steel pan groups, e.g., Stella Morris, Kingston Drummers, Caribbean Orchestra, and Maurice Gordon and Friends Jazz Combo.

Recommendations

The performing arts sector is in need of accurate attendance, funding, and artist labour market data, and dissemination of that data to the appropriate arenas regionally and internationally. This information will serve as an advocate for public and private investment in the sector, strategic development, and forward planning, and will provide a policy framework for General Agreement on Trade in Services (GATS) negotiations. A cross-section of statistical entities and a clearing house for such information is needed.

Agencies and individuals in a number of countries are currently working to develop and improve cultural indicators.³⁰⁵ In the case of Trinidad and Tobago, initial data have been collected on theatre and dance revenues, production budgets, prices, average number of patrons, and association

³⁰⁵ See Appendix 1, "Agencies and individuals working on developing cultural indicators' in International Federation of Arts Councils and Culture Agencies," *Statistical Indicators for Arts Policy: Discussion Paper*. Sydney, Australia, July 2004. Online at www.ifacca.org/ifacca2/en/organisation/page09_BrowseDart.asp.

membership. A comprehensive database of artists and arts organisations that builds on the sources used in this study and complemented by data on the aforementioned indicators would be useful. All funding must be accompanied by reporting guidelines and evaluation criteria that are attached to the receipt of funds, and should be made available via the Internet.

Assessment of the labour market for artists in the Caribbean must involve extensive surveying of job market conditions locally, nationally, and internationally; look at the median annual earnings of artists, their earnings in relation to other workers, and the correlation between education and earnings; and artist employment and unemployment levels. This will allow for projections in employment and growth of the labour market itself, and will inform Trade in Services on the ‘other business services’ and ‘personal, cultural and recreational services’ categories. ‘Management consulting and related services’ is highly pertinent to the sector where consulting and international projects sustain many of the region’s artists.

As mentioned in previous studies,³⁰⁶ organisations and arts entities must be encouraged to respond and trained to capture data using appropriate indicators in a systematized way. This type of labour market data has traditionally been gathered from the Bureau of Labour Statistics or through surveys of the artistic community.³⁰⁷ Since many artists hold secondary employment, it would also be useful to gather data concerning exactly how many are employed by secondary jobs, and what types of employment are most prevalent.

Future research must look towards gaining data in the following areas and look towards capturing arts (qualitative and quantitative) data throughout the region. Areas for future research may include:

- How are the different areas of the performing arts attended in the Caribbean and by whom (demographic information, education, age, and income levels)?
- How do the performing arts compare to other leisure activities?
- What is the financial performance of individuals, ensembles, festivals, and venues?
- How many artists are employed and how many engage in secondary employment?

Beyond development of data collection and analysis, the sector’s growth and contribution to new exports is dependent on funding, training, and marketing. Public, private, and individual funds are needed to support programming, operations, and professional development for artists, organisations, and arts administrators. Incentives and benefits to the business community are needed for involvement as partners, not donors, in the process. Funds are needed to:

- Initiate and maintain international collaborative efforts;
- Send Caribbean administrators to the leading seminars on performing arts management worldwide;
- Host professional training seminars, workshops, and ongoing career development from lighting design to e-marketing/commerce,³⁰⁸
- Provide artist fellowships, artistic residencies in schools with local, regional, and international artists, and finance new outlets for performance, training, and overall cultivation;
- Develop Web presence for all performance entities;

³⁰⁶ See Nijhowne, Shaila, Anna Ansmits, and Noel Boissiere, *Strengthening the Capacity of National Authorities and Regional Organisations in Respect of Services Statistics*, Situational Assessment, November 2001, Online at <http://www.caricomstats.org/Files/Tradeinservices/CIDA/Report1.pdf>

³⁰⁷ See Nichols, Bonnie, *Artist Employment, 2000-2002*, National Endowment for the Arts Research Division, Note #84, September 2003; Filer 1986; Wassall and Alper, 1983.

³⁰⁸ See <http://www.artseventures.com> and <http://www.emarketingassociation.com/>

- Develop journals,³⁰⁹ Web sites, and other methods for sharing and discussing ideas and experiences.

Thus far, there has been no support for an organisation capable of creating a regional infrastructure for the arts in the Caribbean. Implementation of initiatives for participation will be the key to bringing the sector to the next level, which engages and enlists current infrastructure and work that is currently underway.

Clearly, these imperatives cannot be fulfilled by the various ministries of culture or the regional cultural committee alone. Development must engage a wide cross-section of government, and private and public organisations, as well as individuals, in the process, as illustrated in the following chart of recommendations.

Key recommendations

Sector: Performing Arts		
Issue area	Problem	Recommendation
<i>Trade and border measures</i> (i.e., measures that raise the transaction cost of inputs/imports and business or retard competitiveness and exports)	<p>Visa issues with performing internationally</p> <p>Duties for theatrical equipment: Marley flooring, sets, etc. (see attached list)</p>	<ul style="list-style-type: none"> ▪ Need for transparency in the issuing of visas—artists need assistance from officials in pushing process through. ▪ Harmonise certification process—give ministries of culture ability to certify artists to travel inter-regionally, to be used across the board. ▪ Establish regional entity/organisation to define goods of trade and production inputs/regulation of border issues. ▪ Provide exemption from duties/taxes for all materials and objects involved in the production, archiving, and transmitting of performing arts.
<i>Incentives regime</i> (i.e., what kind of incentives are available to the sector and are they accessible and effective)	<p>Few incentives are available that encourage philanthropy. Where there are provisions, limits need to be consistent on tax deductions for corporations making donations to non-profits.</p> <p>No clear criteria for non-profit status are established.</p> <p>Lack of corporate sponsorship/involvement from the business community.</p>	<ul style="list-style-type: none"> ▪ Mandatory tax deductions for contributions made to arts and cultural industry ▪ Link expertise of the business sector (lawyers, publicists, etc.) with needs of the performing arts ▪ Creation of Arts and Business Council which assists artists in development of marketing, publicity, Web hosting/design, event management, strategic planning, and project design and development. ▪ Create incentives (matching programs, membership/donor programs) for private and public sector investment. • Allocate percentage of development projects to the arts. • Require governments to joint-venture with the education sector (arts integrated curriculum).
<i>Organisational issues</i> (i.e., what are the structure and operations of the sector and is it well-organised in terms of advancing the collective interests of the entrepreneurs in the sector?)	<p>Data are lacking on the sector on a regional level</p> <p>The sector is fragmented and has few resources available to propel it forward.</p> <p>Sector needs a “common focal point for</p>	<ul style="list-style-type: none"> ▪ Establish a Regional Endowment for the Arts/Caribbean Arts Council/NGO to be funded by philanthropists, governments, and private sector. This entity will: <ol style="list-style-type: none"> 1. fund existing and new projects 2. act as a clearing house for the

³⁰⁹ See <http://www.artsjournal.com/>

	<p>regional players.”</p> <p>Strategic development planning could involve the performing arts more.</p> <p>National associations need resources to operate more effectively.</p> <p>No independent ministries of culture; performing arts get lost in priority; Best Village program/national festivals are at capacity in terms of staffing and resources.</p>	<p>region’s performing arts</p> <ol style="list-style-type: none"> 3. register all regional artists and assist in their promotion and development 4. be represented at regional meetings. <ul style="list-style-type: none"> ▪ This must be made up of national arts council representatives—local councils or associations of artists. ▪ Multilingual. ▪ Heads must mandate that national governments include the performing arts in agreements with foreign investors/insistence on local and regional content and design. <ul style="list-style-type: none"> ▪ Consultation with sector to redefine/reposition the industry for governments/the greater community. ▪ Establish criteria for all performing arts groups/organisations that enable them to apply for funding, corporate sponsorships. ▪ Require final reporting requirements for the receipt of funds. ▪ Regional Cultural Committee (RCC) to collect data from each national entity on arts and culture and establish a reporting mechanism (newsletter, Web site) for dissemination to the greater region/internationally. ▪ Establish support initiatives for international expansion and exportation by bringing investors, international presenters, and artists together (trade shows).
<p><i>Industrial and Innovation issues (i.e., are technological and institutional innovations occurring and what is required to facilitate investment and industrial transformation?)</i></p>	<p>Low levels of technical training in stage, costume, lighting, and set design.</p> <p>More visibility for performance groups internationally and via World Wide Web.</p>	<ul style="list-style-type: none"> ▪ Create agreements/incentives with vendors and suppliers of technical equipment; negotiate terms to include training sessions with the equipment. ▪ Invest in upgrading of venues. ▪ Develop professional development programs at university level (UWI, Edna Manley College) to technically train practitioners. <ul style="list-style-type: none"> ▪ Establish bonded scholarships to provide training.

Initial list of items for exemption

- Technical equipment: sound, lights, rigs
- Dance floors, ballet barres, dance shoes
- Personal computers
- Videos/DVDs/video cameras
- Books
- Multimedia projectors
- Recording studio equipment
- Musical Instruments

- Wardrobe and Costumes
- Construction Materials
- Masquerade making materials: fiberglass, wire, paint, paper, cardboard, fabrics, glues, decoratives
- Set Materials and backdrops

Conclusion

There is no one approach to apply as the performing arts sector strives to expand and upgrade its current infrastructure. While access to capital and new funding sources are central, emphasis ought to also be placed on documentation and data collection, and publicizing, marketing, and repositioning the arts in a way that embraces and encourages entrepreneurship and training in the arts as a legitimate business or career option. Expansion of knowledge of the business of the arts will also generate opportunities in tourism, film, and video production, Web and graphic design, and various other sectors.

This study illustrates that slow progress has been made for the performing arts at local and regional levels, but artists remain hungry for new mechanisms for funding, exposure, and international networks that will propel their careers forward. This seems best achieved through the establishment of a regional body that would steer the sector and act as a lobbying entity for policy and overall development. The entity's development would involve a broad range of stakeholders, private sector individuals, and the international community to assist in its development and further champion the arts throughout the region. Furthermore, it would act as a resource for current data on production and consumption of the arts throughout the region. Recommendations indicate the need for greater cohesion to better unify and give voice to the sector throughout the trade negotiation process. Whether through development of a new entity or as an extension of the Regional Cultural Committee, it is important to push initiatives that support development of the sector and establish reporting mechanisms (e.g., newsletter or Web site) for dissemination to the region and international community.

Priority should be given to incentives that will engage the business community to interact with the arts sector through sponsorships and philanthropy, as well as share law, accounting, or managerial expertise. Policy frameworks can begin to take small steps to encourage the sector in positive ways through creating more harmony between government and practitioners, easing the bureaucratic process, and finding new ways for people to convene regularly on relevant issues.

Diversification and expansion of the funding pool available to artists and organisations is critical in underscoring the artistic quality and future of the creative product. Organisations need to subsidize the difference between earned income (box office receipts, performance fees, workshops, courses) and expenses (theatre or venue rental, costumes, marketing, and promotion) which forces artists and small and medium-sized arts organisations to continually employ ad hoc structures, relying heavily on exchange of services and volunteers who replace paid professional management staff. Deficiencies in permanent artistic homes and professional performance spaces must be overcome to enable better branding of the performance product, cultivation of audiences, and creation of infrastructure in stable homes from which to operate. Expansion of funding is among the primary ways by which the sector will become more sustainable and more feasible as a full time career for artists in the region. Without such sustenance and underpinning to the sector, career growth is limited, driving the most talented artists out of the region to pursue their careers.

By drawing on the expertise of many stakeholders, many of the primary issues constraining the performing arts sector from competitiveness have been revealed. The study reaffirms the vibrancy of the sector and its personalities, and acknowledges the need to move past analysis into action where recommendations can be implemented and change can occur. The way forward considers the financial complexity of the sector, emphasizes cooperation with other sectors, and hones and develops the talent that so naturally exists throughout the region.

The political economy of natural gas in Trinidad and Tobago

Jacob Campbell

Abstract

The production of natural gas is increasingly impacting the politics and economy of Trinidad and Tobago. This paper analyzes the complex of local/global issues that have accompanied the rise of the natural gas industry in a Caribbean country where petroleum has deep roots. Since adopting structural readjustment programs in the late 1980's, Trinidad and Tobago has relied largely upon foreign direct investments to develop its world-class natural gas and petro-chemical export sector. The success of this industry, particularly of its liquefied natural gas project, has given Trinidad and Tobago a privileged position in the charged domain of Caribbean and Atlantic Basin energy geopolitics. Here I examine the energy trade relationships between Trinidad and Venezuela, the United States and Jamaica, both historically and in the current context of PetroCaribe, growing U.S. demand, and recent CARICOM agreements. Additionally, the paper seeks to contribute to our understanding of how natural gas production influences the development of different socio-economic groups in Trinidad and Tobago. The disparity of perception and contested discourse between actors that bear the risk of hazards from petroleum production and those who only bear its windfall is a problem that has been only cursorily addressed by researchers. Key for this project is an analysis of the local impacts of natural gas operations, a discussion of corporate social responsibility and an inspection of the success of industrial "local content requirements" in Trinidad and Tobago.

Introduction

Global consumption of natural gas is projected to double by 2030, edging it past coal to become the second most exploited source of energy in the world (EIA 2004). Gas has gained popularity due to its relatively clean and efficient combustion when compared to both coal and oil. Growth in demand is expected to be greatest in the United States, Western Europe, China, Brazil and India, primarily for generation of electrical power to be used by heavy industry and residences (Barnes et al 2006). As fate

would have it, the vast majority of natural gas reserves are located in areas distant from these purchasing markets, and to further complicate matters, often in territories of states considered politically unstable by Western standards. Therefore, the past several decades have borne witness to considerable technological and geopolitical acrobatics as multinational corporations and state governments worked to provide or secure access to this increasingly valuable resource.

Countries with gas fields are finding it more lucrative to extract and monetize their reserves. One such state is Trinidad and Tobago (hereafter Trinidad), which has succeeded in overhauling its economy largely around its gas sector in twenty years. The boom in natural gas exploration and development has helped the twin-island nation transform itself into a major player on the Western Hemisphere gas scene. A key factor in Trinidad's recent economic growth has been revenue earned from the export of liquefied natural gas (LNG).

Trinidad shifted the dynamics of the Atlantic Basin gas trade when the first carrier of LNG left its Point Fortin production facility bound for Boston in April 1999. The world's largest natural gas importer, the United States, was at that time seeking additional feeds to supplement slumping domestic and Canadian pipeline supplies. Spain, being peripheral to Europe's pipeline system, was also seeking to diversify its imports and chose to support the Atlantic LNG venture. LNG projects in Algeria, Venezuela and Nigeria were Trinidad's main competitors; however, political and technical challenges had stalled their expansion processes (Shepard and Ball 2006). As a result, Trinidad assumed a privileged position in an increasingly charged domain of Caribbean and Atlantic energy geopolitics.

This paper will analyze the political and economic discourses that have emerged with Trinidad's natural gas projects, both internationally and among Trinidadians. I begin by reviewing the history of natural gas development on the island, with a particular eye towards recent economic patterns and the significance of foreign direct investment (FDI). Then I examine Trinidad's current petro-geopolitics, focusing specifically on relations with Venezuela, Jamaica and the United States. I conclude with some questions on the local impacts of natural gas operations by discussing corporate social responsibility and inspecting the success of industrial "local content requirements" in Trinidad.

History of an industry

Trinidad's economy has been reliant upon hydrocarbons for over a century. Oil was first discovered on the island in 1886, and has been extracted since 1907 (Geological Society of Trinidad & Tobago 2005). Gas was either flared or used solely for oil recovery until 1958, when Federation Chemicals engineered a process by which gas could be employed for ammonia production (Shepherd and Ball 2006). In the 50's and 60's, Trinidad, like many other non-Hispanic Caribbean nations, adopted the strategies of the St. Lucian economist and Nobel Prize winner Arthur Lewis, who stressed that industrialization and diversification were essential for economic development. Lewis outlined a model for industry growth based on foreign capital investment, meant explicitly as an alternative to dependence on agricultural exports. The purpose of the strategy was to dismantle the plantation economy and alleviate the rising unemployment it had generated by attracting foreign private investment to support an export-focused manufacturing sector (Serbin 1990).

In Trinidad, this development process was highlighted as a key objective of Eric Williams' People's National Movement (PNM) government by the mid 60's, particularly in light of statements made by Britain in 1965 that they would give up the system of Commonwealth preferential arrangements by going into the European Common Market. In other words, subsidies for agricultural products such as sugar, citrus and cacao would be cut, resulting in devastation for these industries (Braveboy-Wagner 1989). In fact this move did not occur for another several decades, yet Williams decided to take the juncture as an opportunity to reduce Trinidad's dependence on Britain by aggressively diversifying the economy. While the initiative had wide-ranging effects, it manifested most significantly as an expansion of industries that could capitalize upon the island's oil and natural gas

reserves. A host of multinational corporations such as Alcoa and Honeywell established large-scale industrial complexes that fed off natural gas to produce aluminum, ammonia, methanol, iron and steel.

By the early 70's, it had become clear that passive reliance on outside investment would not serve the country well economically. Much of the industry Trinidad had attracted through tax breaks and other incentives was capital-intensive rather than labor-intensive, resulting in minimal job-creation and monetary spillover. Unemployment reached 17 percent in 1970, and the country bore a large fiscal deficit (Shepherd and Ball 2006). Barclay (2004) also notes, "the government made little attempt to augment the modest managerial and technological capabilities of domestic firms". She argues that Williams' administration neglected developing local institutions in its rush to create an environment where foreign capital could flourish. With a well-organized, at times violent Black Power movement added to this milieu, Trinidad found itself on the brink of a socio-economic crisis of massive proportions.

The Arab oil embargo of 1973-74 could not have come at a more opportune time for Trinidad. In 1972, the price of oil was roughly \$3.00 per barrel, and by the end of 1974 its trading value had quadrupled to nearly \$12.00 per barrel (Williams 2005). New discoveries of crude off Trinidad's east coast paralleled the huge price spike, resulting in substantial profits for the national coffers. Williams' government chose to roll this windfall capital into large-scale social and economic infrastructural development projects. One such venture was the construction of Point Lisas Industrial Estate, a 1000-ha complex situated on a bay 25 miles south of Port of Spain. Point Lisas, with its deep-water port and specialized machinery for bulk handling of methanol, ammonia, urea and iron, was designed specifically to house industries dependent on natural gas (Barclay 2004). Also during this period, Trinidad's government adopted a more active managerial stance over its oil and gas reserves, exemplified by its acquisition of Shell's operations in 1974 (Shepherd and Ball 2006). While it did not officially nationalize the industry, the government established a clear agenda to ensure greater control over both oil and gas production through increased administration *vis a vis* so-called "Third Way" policies, which tacked between Trinidad's liberal economic platform and Cuba's communist arrangement. Towards this end, the National Gas Company was established in 1975 and given the charge of overseeing all aspects of gas trade within the country (Williams 2002).

Trinidad and Tobago rode the wave of surging oil prices through the 1970's to the early 80's and experienced unprecedented economic growth, seeing its GDP rise from US\$1.3 billion in 1973 to US \$8.1 billion in 1982 (World Bank 2003). However, the global market could not then function with oil costs near \$35.00 a barrel, and a worldwide recession ensued. Government white papers from 1981 show that Trinidad, concerned about signs that the oil sector was declining, began renewing their commitment to favor natural gas "as a premium energy resource and as a potential generator of foreign exchange"(Williams 2002:23). Nevertheless, they were not spared the downturn, and entered a period of recession from 1983 to 1989. Part of Trinidad's woes stemmed from the failure of its gas-based projects to realize their fiscal objectives. According to Farrell (1987), the investment decisions in this sector had been based on forecasts that proved naïve. Ammonia and methanol prices had remained low, causing these plants to fall well short of their financial expectations. The steel plant also stalled during the early 80's, plagued by a host of problems including technical and managerial ineptitude, gas supply breaks and anti-dumping fees imposed by U.S. importers. Stumbling gas projects and the collapse of oil prices in 1985 undermined a Trinidadian economy that saw unemployment rise from 9.9 percent in 1982 to 22 percent in 1990 (Shepherd and Ball 2006).

In 1989, with its external debt at US\$2.5 billion, Trinidad and Tobago's government was forced to seek aid from international lending agencies (Barclay 2004). The loan conditions indicated that Trinidad must implement a series of stabilization and structural adjustment programs. As a result, the government was compelled to shift radically away from its Third Way policies of state economic involvement and towards the statutes of the Washington Consensus, including liberalized trade and foreign exchange, divested state assets and foreign investment incentives. The state in effect yielded the job of economic development to the multinational private sector while it adopted a regulatory

capacity. This transition is outlined in a Green Paper on energy policy published by the government in November 1992, with the key points summarized by Shepherd and Ball:

- Shift to natural gas to monetize the island's most plentiful resource
- Promote competition within the energy industry to maximize the government's take and to attract new business to Trinidad and Tobago with the country's abundant supplies of natural gas
- Privatize local industry to promote efficiency and repay national debt (2006:275).

Multinational corporations responded to these favorable conditions immediately, and in the early 1990's foreign direct investment jumped to nearly US \$1billion (Barclay 2004).

One of the initiatives through which Trinidad and foreign investors sought to monetize gas reserves was a liquefaction facility. Three previous attempts at LNG projects on the island had failed—one in the early 1970's with Amoco, another in the early 80's with Tenneco and Amoco once again in 1990 (Shepherd and Ball 2006). A relatively small Boston-based company named Cabot LNG approached the government of Trinidad and Tobago in 1992 to renew the discussion on developing an LNG export terminal. Cabot owned the Everett LNG receiving facility north of Boston, and was eager to secure a new source of gas to supply the expanding New England market. Pipelines into the northeastern U.S. were minimal, and the Algerians only shipped LNG during peak winter months when prices spiked. The Trinidad and Tobago National Gas Company chose to promote Cabot's project, and together with Amoco and British Gas, they signed a memorandum of understanding in late 1992. By 1995, these partners, now joined by the Spanish oil and gas firm Repsol, had formed a joint venture company named Atlantic LNG to operate the export project (Shepherd and Ball 2006). Construction of train 1 began in the town of Point Fortin on Trinidad's southwest coast in 1996, and the first carrier vessel arrived in Boston late April of 1999. A two-train expansion project began in 2000, with train 2 coming online in August 2002 and train 3 in May 2003. Construction of train 4 commenced in 2003 and it shipped its first load January 2006. Train 4 is currently the world's largest operating liquefaction terminal, with a capacity of 5.2 million metric tons per annum (Atlantic LNG 2007).

Trinidad and Tobago's Prime Minister, Patrick Manning, has been a vocal proponent of LNG export throughout his tenure, dismissing critics who lobby for greater allocation of gas reserves to domestic, employment-intensive projects. Perhaps in response to this argument, Manning's administration created a host of incentives to attract chemical producers to the island, and the effort has paid off—as of 2002, Trinidad and Tobago led the world in exports of both ammonia and methanol (Williams 2002). Foreign corporations are also utilizing natural gas feedstock to produce butane, propane, urea, butyl ether, steel billets and direct reduced iron (Barclay 2004). This rapid development of the gas-fired heavy industrial and petrochemical sector persists presently, and has helped expand the national GDP by 20 percent since 2005 (James 2007). However, Trinidad and Tobago's failure to diversify industrially and its dependence on foreign earnings have raised pressing concerns among analysts over the nation's rising inflation rates and its economic resilience.

Caribbean basin gas geopolitics

As natural gas, and LNG in particular, gained market value these past fifteen years, Trinidad and Tobago found itself enmeshed in a dynamic set of political and commercial relations, both regionally and internationally. Its traditional wariness of imperialist advances from neighboring Venezuela and the United States led to cautious diplomacy with these governments over oil and gas projects. However, Trinidad's drive to monetize its gas reserves all but required that it engage with the two biggest players in the Western hemisphere energy game. Of no less importance to Trinidad is its association with Jamaica and other fellow CARICOM member states, who account for roughly 40 percent of Trinidad's total exports annually (Lewis 2002). These relations are also contested around issues of oil and gas, as Trinidad and Tobago attempts to provide CARICOM nations with preferential

pricing agreements while also satisfying the production demands of its multinational corporate partners. Venezuela is attempting to undermine Trinidad and Tobago's privileged economic role in the Caribbean through its PetroCaribe initiative, which allows its participants to pay 60 percent of costs upfront for petroleum products while financing the rest with long term, low interest loans. Currently most CARICOM countries, with the notable exception of Trinidad and Barbados, have signed on to PetroCaribe.

Venezuela

Relations between Trinidad and Venezuela are deeply nuanced, and framed by a checkered history. The two nations, separated only by seven miles across the Columbus Channel, have alternately abetted and destabilized each other's energy projects since Trinidad's independence in 1962. Their diplomatic affairs have also been influenced by long-standing differences and tensions between Latin American and English-speaking Caribbean countries. Trinidad and Jamaica's request to join the Organization of American States (OAS) was not met favorably by the Latin American members, who openly distrusted the former colonies' continued ties to Great Britain (Serbin 1990). After four years of debate and deliberation, Trinidad was granted accession in 1967. Rather than easing sensitivities between Latin and Anglophone Caribbean states, the OAS may have further differentiated them, particularly when blocs formed as other newly independent nations joined. The line was drawn even more clearly in 1973 when the English-speaking Caribbean states created CARICOM and excluded the Latin American islands.

Jacqueline Braveboy-Wagner (1989:48) characterizes Venezuela's policies towards the Anglophone Caribbean during the 1960's and 70's as a "manifest destiny" initiative. Venezuela envisioned the decline of British colonialism as creating a power vacuum in the region, and it was their intention to counteract both Cuban and American influence through attractive commercial and financing programs. After the 1973 oil crisis, the Carlos Andres Perez government intensified their regional involvement by directing substantial economic assistance to the Caribbean through the Venezuelan Investment Fund. Beneficiary countries had contingencies placed on loans requiring that they participate in a series of development and energy cooperation projects, and use funds to purchase Venezuelan goods (Serbin 1990). In 1975, Trinidadian Prime Minister Eric Williams "sounded the alarm of Venezuelan economic and territorial imperialism, only to see his warnings dismissed by Caribbean leaders anxious to profit from Venezuelan largesse" (Braveboy-Wagner 1989:48). It is worth noting the remarkable parallels between this conflict and the current tensions, more than thirty years later, surrounding Hugo Chavez's PetroCaribe initiative, on which Trinidadian Prime Minister Patrick Manning recently cautioned fellow CARICOM member states by saying, "It is a question of cutting your own throat if you are not careful" (Observer 2006).

Despite these sensitivities, the neighboring countries have been flirting with a natural gas partnership since the late 1990's. Venezuela has been unsuccessfully attempting to build an LNG facility for over fifteen years, and while President Chavez remains confident that a functioning Guiria LNG plant is imminent, he has expressed interest in monetizing Venezuelan gas at Trinidad's Atlantic LNG facility during the interim period (Williams 2003). The two governments have agreed to move towards the unitization of gas fields that straddle their marine borders, in particular the major Loran and Kapok fields that each hold estimated reserves of 6 trillion cubic feet (James 2007). Talks over this unitization, first initiated in 2002, have proceeded slowly and stalled regularly over disputes on quantities of gas on both sides of the border. Nevertheless, Prime Minister Manning and President Chavez signed the first offshore unitization agreement in the Western Hemisphere on March 20, 2007 (Javeed 2007). While the signing of this agreement is quite remarkable, its execution would be nothing short of miraculous. As recently as 2002, Bernardo Alvarez, Venezuela's vice-minister of energy, announced that "Venezuela is unwilling to allow its gas to be used to support the future expansion of the Atlantic LNG plant at Point Fortin, Trinidad" (Oil & Gas 2002).

Diplomatic maneuvers aside, Venezuela is clearly reticent to assist Trinidad with its gas projects. However, due to the constraints of its nationalized energy sector, Venezuela has been unable

to secure and sustain the foreign participation that is necessary to bring a multi-billion dollar, technically demanding LNG facility online. In 1990, Royal Dutch Shell, Exxon and Mitsubishi were invited by the Venezuelan government to participate in the Cristobal Colon LNG project. However, perhaps in concession to the opponents of a multinational corporate presence, the new LNG joint venture was offered access to gas fields that were remote and challenging to develop (Shepherd and Ball 2006). After a contentious period of debate and struggle, the project ultimately folded in 1997. According to Minister Alvarez, the Venezuelan LNG project is 20 years behind, and “playing catch up with Trinidad and Tobago” (Oil and Gas 2002). Therefore, at the present moment, Venezuela is left with the choice of either leaving gas fields stranded, or aiding a key (potential) LNG competitor by monetizing gas with Atlantic LNG in Trinidad. This issue of unitization will be of central importance for relations between Trinidad and Venezuela in the coming years, and will likely set fundamental precedents for the geopolitics of energy in the Caribbean Basin.

Jamaica

At least since their independence in 1962, Trinidad and Tobago and Jamaica’s divergent paths towards decolonization have patterned the two nations’ energy politics. Arguably, both states vie to assume the role of intermediary power in the Anglophone Caribbean, with Jamaica being the largest island and Trinidad traditionally being the wealthiest. Modern relations date back to the West Indies Federation, which was imposed in 1958 by the British who were intent on minimizing the burden of colonial responsibility. Braveboy-Wagner (1989:39) notes that the Federation was torn asunder by “intense disagreements” between Jamaica and Trinidad over the correct balance between nationalism and regionalism that should be struck. Jamaica privileged the former, and accordingly left the federation to seek independence. Trinidad declined to join a Federation minus Jamaica, and it dissolved as Trinidad also obtained independent status. Trinidad’s frustration at Jamaica’s departure from the Federation, “bred a legacy of wariness and distrust, as well as a counter-productive sense of competition” towards Jamaica (Braveboy-Wagner 1989:54). While there have been many examples of multilateral agreement between Trinidad and Jamaica, this bitter sentiment continues to impact diplomacy and terms of commercial exchange between the two states.

Jamaica first initiated discussions with Trinidad regarding an LNG agreement in 1993. The Jamaicans are interested in powering their bauxite refineries and electrical plants with gas, which are currently oil-fueled. In the original memorandum of understanding (MOU), Trinidad committed to supplying 158 million cubic feet per day to a 1.5 million ton re-gasification terminal that would be built in Jamaica. The state-owned gas companies of each nation agreed to create a joint venture firm to manage the project, with Jamaica taking a 60 percent stake and Trinidad 40 percent (James 2007). However, terms of the deal have subsequently faltered. Jamaica insists that under the auspices of the CARICOM Single Market and Economy (CSME), Trinidad is obligated to provide Jamaica with “national treatment” by selling LNG at the same price its own National Gas Company buys natural gas. In 2006, Trinidadian Prime Minister Manning assured the Jamaicans that a mutually acceptable pricing arrangement would be settled upon for the long-term LNG provision scheduled to commence in 2009 (Bryan 2007). Trinidad maintains, however, that the Caribbean gas price must bear some relation to Henry Hub (the US natural gas benchmark), while Jamaica is holding out for pricing based on a domestic mechanism.

Recent statements by Trinidad’s government have raised the charged discourse with Jamaica over gas projects to a fever pitch. In March of 2007, the National Gas Company of Trinidad and Tobago announced that it would not be able to supply Jamaica with LNG by 2009 as planned, due to its own domestic demands (Bryan 2007). The response from Kingston has been hostile, with threats of a “trade war” issuing from the Jamaican manufacturer and commercial community, in order to compensate for the resultant trade disadvantage. Commentators in Trinidad have also keyed in upon its government’s unrealistic promises to Jamaica and vocalized questions about the actual status of Trinidad’s natural gas reserves. Prime Minister Manning, however, publicly contends that the Loran Manatee field, which Trinidad has agreed to unitize with Venezuela, will yield gas for the Jamaica

project (Javeed 2007). He maintains that Trinidad will uphold the Jamaica deal upon completion of a planned Train 5 in Point Fortin, which will draw gas from Loran, and is anticipated to go online in 2010. Jamaica, however, has already entered into discussions with Venezuela regarding the feasibility of adding LNG to its PetroCaribe initiative (Bryan 2007). While this option remains questionable due to Venezuela's lack of an LNG facility, the case study underscores the volatility of the energy politics between these three nations.

The United States

As the primary purchaser of Trinidad and Tobago's LNG, the United States plays an influential role in the nation's energy affairs. However, Trinidad has recently shown interest in diversifying its markets as other buyers outbid prices paid by the U.S. According to Prime Minister Manning, "We have decided that we are not placing all our eggs in one basket" (James 2007). Trinidad is discussing LNG deals with Brazil, Mexico, Britain, South Korea and Japan, among others. Friction between Washington and Port of Spain has risen not only due to this potential shift in supply agreements, but also over Trinidad's negotiations with Venezuela on multilateral LNG projects. A Washington official who chose to remain anonymous recently cautioned in a trade journal that, "Trinidad and Tobago has to take into account the current tension in relations between Venezuela and the U.S. Making a firm arrangement with Caracas on this (LNG) is not very attractive at this time" (James 2005:15). As the U.S. looks increasingly to LNG for its energy needs, diplomacy with Trinidad has become more directed and pressing as Washington works to shore up vital trade contracts while also countering moves by the Chavez administration to further extend its influence in the region.

The current relations between Trinidad and the US are situated within a history punctuated by several main developments. The Caribbean Basin did not emerge as a sub-region distinct from Latin America in U.S. hemispheric policy until the Carter administration. In 1976, President Carter outlined a new approach to U.S.- Caribbean relations based on a respect for the sovereignty of each nation, a strong commitment to human rights and renewed support for economic development in the region (Serbin 1990). Trinidadian Prime Minister Eric Williams enjoyed a good relationship with U.S. ambassador Phillip Habib during this period, and much of the bitterness carried over from U.S. military presence on the island during the Cold War appeared to be dissipating (Maingot and Lozano 2005).

Yet a dramatic shift occurred towards the end of Carter's term as increasing Cuban militarization, the Sandinista revolution and a successful communist coup in Grenada led to a more aggressive U.S. regional stance. Under President Reagan's leadership, the U.S. intensified security activity in the Caribbean as part of its strategy to contain the Soviet threat. Trinidad responded by once again distancing itself from the U.S. and adopting an isolationist, Third World position in regional affairs, including its stance on the People's Revolutionary Government in Grenada (Braveboy-Wagner 1989). By advocating nonintervention in the Grenada case, Trinidad effectively alienated itself from the other CARICOM nations and lost favor with the U.S. government. As Serbin notes:

The internal crisis unleashed within the government of the New Jewel Movement in Grenada and the subsequent military occupation was probably the best opportunity that could have presented itself to the Reagan administration for reaffirming U.S. hegemony in the region, an action incurring relatively low military costs, but paying high political and psychological dividends. The occupation of Grenada allowed the United States to neutralize leftist sectors in the region, to isolate Cuba in the island Caribbean, and to promote certain governments, such as those of Jamaica and Barbados, which at the time identified openly with U.S. policy (1990:60).

Shortly after the Grenada invasion, Trinidadian Prime Minister George Chambers initiated a radical paradigm shift by realigning the economy around foreign investment, accepting an IMF development package and announcing that, "the fête is over and the country must go back to work" (Maingot and Lozano 2005:50). Needless to say, by embracing neoliberal economic policies, Trinidad and Tobago did much to improve its standing with the United States. This new integrated alignment crystallized further when Trinidad signed NAFTA in 1997.

For the past several decades, political and economic relations between the United States and Trinidad have revolved primarily around natural gas products. While trade in ammonia, methanol and fertilizers continues to be significant, the focus is increasingly on Trinidad's LNG exports. In 2006, the United States imported roughly 580 billion cubic feet of LNG, 67.6 percent of which came from Trinidad (Egypt, Nigeria and Algeria provided the rest) (Gaul and Platt 2007). As its domestic production levels off and demand increases, the U.S. expects to compensate with LNG imports. According to Michael Zenker of the Cambridge Energy Research Associates, "The North American markets are now dependent on the growth of liquefied natural gas. If we don't get LNG, we don't have a plan B" (Burr 2005:29). The Bush administration has supported the initiative by subsidizing and streamlining the regulatory process for the construction of new re-gasification terminals, the majority of which are sited along the Gulf Coast (Gold 2005).

Ironically, the existing U.S. terminals are only importing roughly half the volume of LNG they can handle. Why? The Americans are being aggressively outbid by Asian and European buyers. As the industry consultant James Jensen notes, "there was a self-indulgent, myopic belief that if the U.S. builds a terminal, everyone wants to supply us. And that is what has been wrong" (Gold 2005:C1). Rather, overseas competition has created a global LNG shortage, resulting in the rise of "spot-market" trading. Spot-market refers to single cargo deals between a buyer and seller, in contrast to long-term contractual agreements. Trinidad has been quick to enter the volatile, but highly profitable spot-market trade in LNG, often to the detriment of the U.S. market. As Gaul and Platt illustrate, "LNG netbacks to Trinidad and Tobago for cargoes shipped to Spain and the United Kingdom in September 2006 were \$9.17 and \$5.32, respectively, compared with \$3.71 for shipments to the United States at the Lake Charles terminal" (2007:6). Trinidad is also looking towards South Korea and Japan, which both rely on LNG for over 90 percent of their natural gas supply, and have shown willingness to outbid U.S. buyers.

The U.S. government's deep concern over terrorist attacks has also impacted its LNG import project. LNG tankers and storage facilities have long been fretted over as potential terror targets. In 2004, Candyce Kelshal, of Bluewater Defence and Security Ltd., published "Radical Islam and LNG in Trinidad and Tobago", which outlines the potential security risks the U.S. faces through its connections to Atlantic LNG. The report focuses on a militant sect of Black Muslims, the Jamaat-al-Muslimeen, which in 1990 staged a coup wherein the prime minister and members of Parliament were taken hostage. The coup was put down, but not before riots and looting had sacked much of Port-of-Spain (Maingot and Lozano 2005). Nearly all of the militants were offered amnesty and set free. This is an important challenge to LNG projects, one that will require a further study of its own.

The local experience of natural gas projects

The costs and benefits of Trinidad's natural gas production for its citizens remains a contentious, while often muffled, debate. Government and industry spokespersons laud the positive impact gas projects have had on employment and public services, while community members and advocacy groups protest environmental and health hazards they associate with gas facilities (Williams 2003). A pressing question concerns the degree to which largely multi-national corporate gas-based enterprises produce benevolent spillovers that support domestic economies and livelihoods. On the other hand, how are the toxic spillovers (i.e. pollution & forced relocations) that invariably result from large-scale gas and chemical projects mitigated against by state and corporate policies? Scholars have paid very little attention to the localized experience of the oil and gas industry anywhere, much less in the particular case of Trinidad and Tobago. This section attempts to situate the Trinidad example within a broader analysis of the local impacts of and responses to hydrocarbon production.

In late 2001, Trinidadian Prime Minister Williams initiated a new plan for "sustainable gas development", which stressed utilizing energy sector growth as a catalyst for investing in local capabilities and promoting wealth at the grass-roots level. The Prime Minister insisted that his

government was, “not being superficially about ensuring the attainment of minimal local content quotas in energy operations. Far from it, we are encouraging a collaborative approach between our partners to assist locals to take on more value-added roles, management, and ownership in our economy” (Williams 2002:22). While Prime Minister Williams’ initiative was greeted with optimism by civic leaders and in the national press, its actual implementation would face serious challenges. First, most natural gas production projects simply do not create a large number of jobs. While a substantial amount of labor is required for the construction phase, LNG plants, offshore gas developments and chemical facilities are not significant generators of employment when operating (Shepherd and Ball 2006). Furthermore, due to the effects of modernization, the global trend in the oil and gas industry is towards a consolidated number of higher-paying and coveted industrial and service sector jobs. As Ross (2001) notes, these industries tend to be “enclaves” which yield minimal linkages, or employment opportunities, and provide few non-state multiplier effects.

In order to overcome such challenges and ensure that oil and gas projects have domestic linkages, a host government must institute aggressive policies and legislation to bring about their stated objectives. Trinidad has historically pulled up short of these directed actions. Barclay notes that the oil boom of the 1970’s was a “golden opportunity for Trinidad and Tobago to use the foreign investor to enhance its indigenous technological capabilities” (2004:489). Yet by failing to formulate and implement selective intervention policies towards foreign corporations, the Trinidadian government was unable to tie sustained domestic development programs to the oil and gas sector. By the late 70’s and early 80’s, Trinidad had initiated an export-oriented, gas-intensive strategy for economic growth, providing additional opportunities for directed policy to support indigenous capacity building. Once again, the administration failed to capitalize.

The evidence suggests that the planners were well aware of technology policy problems such as the need for locals to acquire the technical skills to operate the facilities. Yet no policies were devised to develop such skills. Neither the local university nor the local technical and vocational institutes offered training programs for this industry. Little attempt was made to define the areas in which local capability could be built over the long term and the specific technologies that foreign firms could contribute (Barclay 2004:491).

When, in 1989, Trinidad moved towards structural adjustment programs, liberalized trade and exchange markets, the government’s power to establish domestic linkages with transnational oil and gas projects further eroded.

During the past decade, Trinidad has begun imposing ‘local content requirements’ on foreign-owned companies operating in its natural gas industry. While the government definition of local content remains unclear, this policy is intended to at minimum ensure, on a contract-by-contract basis, that a specified percentage of labor and service is domestic. Critics assert, however, that corporate compliance with these requirements is inconsistent at best, due to the lack of any state agency tasked with monitoring adherence. For example, one of the reported conditions for developing the first Atlantic LNG train was that \$100 million be spent by foreign firms on the services of local companies. Policy makers recently estimated that local content in reality achieved approximately \$25-33 million (Barclay 2005). It is worth noting that industry representatives make the reasonable claim that local service providers are in many cases not globally competitive, or fail to have necessary training. Partially in response, Trinidad’s government has asked both foreign and local firms to make financial contributions to aide national human resource development. These monies support technical training institutes designed specifically to prepare people for work in the energy sector. Yet the state did not establish a cohesive, legally binding system for securing this funding. As a result, some transnational firms have come to view these contributions as a tax, and since the obligation is not constituted by an act of parliament, they refuse to pay (Barclay 2005).

The aims, along with the structural weaknesses, of Trinidad’s content requirement and corporate contribution programs bear a striking resemblance to those of the corporate social responsibility (CSR) movement. According to the World Business Council for Sustainable Development, CSR is “the

continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of its workers as well as the local community and society at large”. CSR gained momentum during the 1990’s due to the critical attention an increasingly effective global human rights advocacy network was able to draw towards a series of corporate disasters. Facing public relations backlashes and boycotts, oil and gas companies in particular moved quickly to draft codes of conduct which outlined their dedication to issues such as community development and environmental responsibility. Yet from the start, CSR was, as Watts notes, considered by corporations to be “an explicit endorsement of voluntary approaches rather than mandatory regulation” (2005:394). Therefore, as the oil slicks dissipated after a tanker spill or as the memory of Ken Saro-Wiwa in Nigeria began to fade, transnational corporations were able to view CSR as a voluntary add-on to their business portfolio. Without mandatory regulations aggressively monitored by the host state, initiatives such as Trinidad’s content and contribution programs, and CSR agreements the world over, will remain frail statutes intermittently upheld at the whims of company executives.

The siren song of boom and bust

It is clear that natural gas has provided Trinidad and Tobago with a much-needed economic boost, visible from its rising national GDP and capital improvement projects. In the realm of energy geopolitics, Trinidad has assumed a privileged position. Yet questions have emerged about the development path it has chosen. In a dramatic turn from its statist approach during the 1970’s, Trinidad’s government has stepped back from an active, interventionist role in the nation’s economic affairs. Rather, with a style much akin to the one prescribed by the World Bank and IMF, the government has adopted a *facilitating* stance, largely entrusting the economic development of the country to foreign firms. One concern is that the overriding motive of corporations is net gain, which will inevitably be privileged over the long-term capacity building of its host nation. Trinidad’s inability to implement corporate intervention policies has resulted in its citizens possessing only static technological capabilities, the underdevelopment of local downstream and supporting firms, and weak domestic training institutions (Barclay 2004). It could be said that Trinidad is falling headlong into the boom and bust trap all over again. Rather than investing in the domestic production apparatus and laying the foundation for new economic diversity, Trinidad’s government appears to be relying on natural gas and foreign exchange to keep the country secure.

Not all Trinidadians feel secure tying their future to natural gas. Experts claim that the host of proposed gas-fed projects, including two new LNG terminals, a steel mill and a fertilizer plant, will run well ahead of available supplies (James 2007). Residents are also mounting protests against the adverse environmental and health affects they associate with the multitude of chemical and industrial operations on the island (Williams 2003, Ragoonath 2003, Fernandes 2006). Very little is known about how the costs and benefits of natural gas production are distributed across socio-economic, racial and geographic categories in Trinidad. Sustained field research is necessary to adequately address these critical issues.

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