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Recommended Citation

Hilbourne A. Watson, *The Caribbean Basin, Its Subregions and Their Internal and International Social and Economic Dynamics*, 4 Md. J. Int'l L. 197 (1978).

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THE CARIBBEAN BASIN, ITS SUBREGIONS AND THEIR INTERNAL AND INTERNATIONAL SOCIAL AND ECONOMIC DYNAMICS

*Hilbourne A. Watson**

INTRODUCTION

This study begins with the recognition of the historical note of Caribbean Basin countries in the formation and development of capitalism as a world system. In this regard, it locates them in the world process of capital accumulation and contends that their historical, social and economic dynamics can only be understood within the capitalist context of the international division of labor. Beyond this it stresses the importance of the forms of international economic specialization which these countries came to adopt through the nondiscretionary framework of mercantilism reproduced under "the imperialism of trade" (unequal exchange) and the asymmetry of accumulation on a world scale.

The related analysis, therefore, proceeds from the following: an identification and review of the contextual situation of the Caribbean countries, focusing on the central assumptions of the development strategy which was based on import-substitution industrialization. I will also attempt to review aspects of the Caribbean Basin experience in the areas of commodity, capital, technology and labor flow processes with an emphasis being placed primarily on US-Caribbean Basin relations. The analytical framework furthermore takes into consideration the similarities and differences between the Basin countries and recognizes the importance of the range of existing problems.

THE CONTEXTUAL SITUATION

The development of a world market for commodities was based on the universalization and internationalization of commodity production. Capitalism is the mode of production associated with commodity production for the realization of surplus value based on private ownership and control of the means of production. The Caribbean Basin countries were integrated into this world capitalist system during the early formative period on the basis of the international division of labor and associated forms of international economic specialization that were thrust upon them — production and export of primary agricultural and industrial commodities on terms that led to the production and

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reproduction of structural economic dependence.¹ This situation is reflected in the prevailing dominance of the external market over the internal economic process. Profound negative consequences have resulted in the economic, political and ideological spheres of life. This can be appreciated through an analysis that takes into account the contradictions expressed in the relationship between the domestic and international dimensions: the relationship between production and consumption, the general range of economic activity, unequal international exchange,² the formation of classes and forms of the class struggle, the national question and the nation-state and the development of linkages within the international system.

Towards the end of the nineteenth century, the "quality" terms of trade for the developing countries (hereinafter referred to as the periphery) began to decline and, generally speaking, from then onward, there has been a tendency towards structural deterioration. This problem was intensified by the imbalanced nature of the relationship between commodity and capital flows and of the terms of participation in the international division of labor. And they were all aggravated by the isolation of the periphery from the world system of which it is an integral part.

Despite these serious problems, the impact of the conditions of World War I, the Great Depression and World War II had facilitated a shift away from total Caribbean Basin dependence on the external market towards a modest degree of import-substitution. This resulted from decreased contact with imperial trade and capital links.

This tendency towards internal accumulation and industrialization was expected to continue after World War II. The inherent tendency of capitalism, however, is to expand markets and to export capital primarily to counteract "the tendency of the rate of profit to fall." Therefore, after World War II, and largely under American capitalist auspices, there was a massive expansion and internationalization of capital which continues to the present period. As a result of this situation and the imbalanced mercantile relationships between Caribbean Basin countries, the United States and other leading capitalist countries, the former economies have been unable to solve the problems discussed above and those of dependency and underdevelopment.³

1. T. DOS SANTOS, *The Structure of Dependence*, in *THE POLITICAL ECONOMY OF DEVELOPMENT AND UNDERDEVELOPMENT* 109-117 (1973).

2. A. EMMANUEL, *UNEQUAL EXCHANGE: A STUDY IN THE IMPERIALISM OF TRADE* (1973).

3. The political legacy of this situation has been expressed in the class struggle, the politicization of developmentalism, the tendency towards the

The postwar period has also witnessed attempts by all of the countries concerned to adopt development strategies designed to raise capital and foster internal accumulation in response to the export of surplus value, to promote exports in order to boost foreign exchange to pay for expanding imports, to increase employment and to stimulate economic activity in general. In the Commonwealth Caribbean the strategy rested on the theoretical conceptions of W. Arthur Lewis and was realized with the creation of industrial development corporations and the accompanying legislation incentive provisions.⁴ Nevertheless, it was the widespread preoccupation of West Indian social scientists with the so-called "plantation economy" model⁵ that prevented them — for intellectual and "nationalist" ideological reasons — from employing the appropriate focus on modes of production, socioeconomic formations and class struggles, both in the study of underdevelopment in the Caribbean social context and in prescribing appropriate alternatives to those recommended by Lewis.

Mexico, Venezuela and other Latin countries have had a much longer experience with import-substitution industrialization as is evident from the fact that, by the time of the creation of LAFTA, most opportunities for further action in that direction had already been exhausted. In Cuba, the Dominican Republic and Haiti, the legacy of U.S. domination had sufficiently conditioned the internal economic process to reproduce virtually "pure" mercantile relations of exchange on the basis of capitalist production relations. This severely limited the scope for independent action.⁶ Cuba made a revolutionary break with the system in 1959. In the French Antilles and in the Netherland Antilles, a greater degree of colonial mercantilism existed after World War II and continues to this day; political ties with the mother country are stronger than those with the United States. Puerto Rico has been dominated by the United States in a colonial relationship and an active but dependent develop-

integration of the "technocratic," bureaucratic elite into the ranks of the ruling class and the integration of labor leadership and the military elite into the political component of the ruling class.

4. H. A. Watson, *The Political Economy of Foreign Investment in the Commonwealth Caribbean Since World War II* 228-267 (1975) (unpublished Ph.D. dissertation, Howard University, Washington, D.C.).

5. For example, G. BECKFORD, *PERSISTENT POVERTY* (1972). The works of N. Girvan and O. Jefferson should also be noted.

6. S. CASTOR, *El Impacto de la Ocupación Norteamericana en Haiti (1915-1934) y en La Republica Dominicana (1916-1924)*, in *POLITICA Y SOCIOLOGIA EN HAITI Y LA REPUBLICA DOMINICANA* 42-64 (1974); A. D. SANTANA, *Desarrollo y Decomposición de la Economía Dominicana*, in *POLITICA Y SOCIOLOGIA EN HAITI Y LA REPUBLICA DOMINICANA* 109-1943 (1974).

ment strategy. Panama and other Central American countries fell into the grip of U.S. monopoly capital and, like other Caribbean Basin countries, they continue to reflect the impact of imperialism on the internal economic process in terms of commodity and capital flows and in terms of their basic tendencies in international relations.

Foreign domination exists in the internal economic process of all these countries. The emphasis is on those economic activities dependent on imported capital and designed to raise the social productivity of labor, thereby increasing the rate of exploitation of labor power. In this, the state and labor bureaucracies of most of the countries have cooperated. The higher the rate of exploitation of labor power, given a specific production technology, the higher the rate of surplus value. These capital intensive production activities, sponsored by these states under the wings of the transnational corporations (TNCs), tend to be concentrated in plantation export agriculture, mineral production activities, forms of export-oriented manufacturing enterprises and the hotel sector. In the manufacturing sector, where such capital-intensive methods are utilized, production is generally limited to a small number of luxury and semi-luxury goods that are destined for the petty bourgeois and petty bourgeois-oriented elements. In other words, there has been created little or no viable basis for the production of mass consumption goods. As a result, opportunities for developing natural resources, producing adequate levels of employment, boosting internally generated purchasing power, developing appropriate technologies and formulating national economic integration are foregone.

IMPORT-SUBSTITUTION INDUSTRIALIZATION: THE NEOCOLONIAL MODEL

The international situation during the early postwar period witnessed the creation of the Bretton Woods system. Immediately, the contradiction between imperialism and socialism assumed the form of the Cold War as the national liberation revolution in the periphery reached new levels and registered important successes. The intellectual climate in the dominant bourgeois countries was characterized, in part, by the failure of social science theory to treat the problems of so-called underdevelopment in a scientific fashion.⁷ For example, economic theory ("economistic scientism") continued to view economics as a science with a body of "universally valid and testable theory" while subjectivist, neo-

7. A. G. FRANK, *The Development of Underdevelopment*, in *DEPENDENCE AND UNDERDEVELOPMENT* 321-397 (1972); Bodenheimer, *The Ideology of Developmentalism: American Political Science Paradigm-Surrogate for Latin American Studies*, BERKELEY J. SOC. (1972).

marginalist theory remained preoccupied with questions of micro-economics at the level of the firm and with problems of "allocative efficiency." Reformist ideas, including anti-monopoly but pro-capitalist liberal theory began to attract a following among intellectuals. During the 1950s, ECLA began to provide an "explanation" of the nature and structure of Latin America's political economy with an emphasis on the international commodity and capital dimensions.

The argument raised by ECLA may be briefly summarized as follows:⁸

1. There was no proof of a fundamental harmony of interests between Latin America's economic reality and metropolitan capitalist interests. This was a challenge to the principle of comparative advantage.

2. The available evidence revealed by trends in world trade for developing countries in general since 1880 and between 1929-45 for Latin America tended to contradict some of the main assumptions of international trade theory — namely, perfect mobility of factors of production and the accepted notion of direct correlation between the growth of primary exports and national income (for a primary producer and exporter).

3. There was not a lawful basis to the claim that the income elasticity of demand for a country's imports and exports tends to remain constant. In contrast, ECLA contended that the primary exports of the periphery may grow and expand without a corresponding qualitative increase in income.

4. In light of that general situation and of ECLA's response to the assumptions of the theory of international trade, it was recommended

8. The point of departure was an attack on the theory of international trade. It had begun to become evident that certain changes had been taking place in trade and capital flows since around 1880: 1. The bulk of capital exported from old centers of Europe went to new centers in the process of formation (U.S., South Africa, etc.) and only a small portion went to the periphery as a whole; 2. This export of capital was accompanied by a significant increase and expansion in the export of goods (world trade grew from 3.3 percent in 1880 to 14 percent by 1913 to correspond with the high level of capital exportation during the same period); 3. The direction of the flow of capital and investment income between old and new centers was different from that which took place between center and periphery, with the latter exporting more surplus than it imports capital; 4. The gap between wages and productivity in the periphery has been greater than it tended to be in the center; and 5. The rate of profit tended to be higher in the periphery than in the center. See AMIN, *UNEQUAL DEVELOPMENT: AN ESSAY ON THE SOCIAL FORMATION OF PERIPHERAL CAPITALISM* 161-62 (1976).

that foreign exchange should be spent to promote import-substitution industrialization rather than to promote the deepening of the primary production and export process.⁹

A considerable amount of persuasive evidence was collected and presented on behalf of import-substitution industrialization.¹⁰ The intellectual foundation and the empirical basis of the "dependency theory" was established by the early nationalist intellectuals.¹¹ In many ways the "new nationalism" of the anti-imperialist wing of the "dependency school" has not advanced the original argument much beyond the ideological thrust of its "intellectual precursors."¹²

The argument which ECLA presented on behalf of import-substitution industrialization also isolated the following problems which called for corrective measures as a prerequisite for successful implementation of the main elements of the program: a) Before there could be an appropriate economic reorganization toward self-sufficiency in the production of capital goods (for it was assumed that self-sufficiency was realizable under capitalism and imperialism in the periphery), existing demand which was being met by foreign imports would also have to be satisfied by locally produced manufacturers; b) Foreign-oriented consumer tastes would also have to be rehabilitated; and c) The state would have to take action favoring the qualitative redistribution of income in favor of the popular masses in order to promote and realize mass consumption production, employment, use of local resources as inputs and purchasing power sufficient to sustain the new thrust away from structural dependence.

9. D. BOOTH, *Andre Gunder Frank: An Introduction and Appreciation*, in BEYOND THE SOCIOLOGY OF DEVELOPMENT: ECONOMY AND SOCIETY IN LATIN AMERICA AND AFRICA 55 (1975); Pinto & Knakal, *The Center Periphery System Twenty Years Later*, SOC. ECON. STUD. 50-64 (1973).

10. A. G. FRANK, *supra* note 7, at 74-75; D. Booth, *supra* note 9, at 56.

11. Such intellectuals include, for example, Prebisch in Latin America and Lewis in the Caribbean. See P. J. O'BRIEN, *A Critique of Latin American Theories of Dependency*, in BEYOND THE SOCIOLOGY OF DEVELOPMENT: ECONOMY AND SOCIETY IN LATIN AMERICA AND AFRICA 7-27 (1975); H. A. Watson, *supra* note 4, at 168-219; Girvan, *The Development of Dependency Economics in the Caribbean and Latin America: Review and Comparison*, SOC. ECON. STUD. 22 (1973; Special Number on Dependence and Underdevelopment); A. G. Frank, *supra* note 7, at 93-119; D. Booth, *supra* note 9, at 52-64; W. A. LEWIS, *THE INDUSTRIALIZATION OF THE BRITISH WEST INDIES* (1951).

12. O'Brien, *supra* note 11, at 7-20; I. OXAAL, *The Dependency Economist as Grassroots Politician in the Caribbean*, in BEYOND THE SOCIOLOGY OF DEVELOPMENT (1975); H. A. Watson, *supra* note 4, at 606-36.

The essential social interests represented by ECLA were, however, basically bourgeois interests, and the model was not intended to consider the feasibility of options outside of capitalism, in spite of its anti-imperialist orientation.

As will be discussed shortly, the evidence against free trade liberalism (or the case for protectionism) and the adoption of the "alternative" strategy for development have not resulted in any qualitative changes in the relationship between the center (developed countries) and periphery in spite of claims of "dependent development."¹³ In fact, the following points, which were identified by Prebisch and others as evidence in support of import-substitution industrialization, continue to plague those countries today in the form of problems of underdevelopment and dependence:

1. The tendency towards deterioration of the terms of trade stemming from a) income inelasticity of demand for primary exports and the imperialism of trade; and b) secular increases in the prices of imports from the metropolitan countries with which the periphery conducts the bulk of its economic activities.¹⁴

2. Chronic balance of payments problems related to and stemming from trade imperialism, export of surplus value and the growing cost of servicing the foreign debt.¹⁵

3. Import rigidities reinforced by structural dependence on imports including technology, capital goods, foodstuffs, other manufactures and the general shortage of foreign exchange.

4. The relationship between the neocolonial state and imperialism: a tendency towards subordination in foreign policy orientation, military dependence, anti-communism and willing participation in the process of control and leverage over the internal political economy such as may be exercised by the World Bank, the IMF and other organizations.¹⁶

Each attempt to solve the problem has yielded to further integration into the world system and each attempt has facilitated the reproduction of neomercantilist structures of trade and capital arrangements such as LAFTA, CACM, CARICOM, the Andean Pact, SELA and other governmental and economic systems. All of these strategies are essentially forms of adjustment and adaptation to imperialism and to the

13. F. CARDOSO, *IDEOLOGIAS DE LA BURGUESIA INDUSTRIAL EN SOCIEDADES DEPENDIENTES: ARGENTINA Y BRASIL* 60-94, 188-224 (1972).

14. A. EMMANUEL, *supra* note 2; A. G. FRANK, *supra* note 7, at 74-75.

15. *Id.*

16. T. HAYTER, *AID AS IMPERIALISM* (1971).

conflicting requirements of capital accumulation on a world scale. We must, therefore, be cautious about how we approach the questions of a) the interest of Caribbean Basin countries by means of greater cooperation among "member" countries; and b) U.S. interest in promoting such a concept and "movement."

COMMODITY, CAPITAL AND LABOR DYNAMICS: 1970-76

The Empirical Context: Commodities

Caribbean Basin countries have spent more on imports than they obtained from exports from 1970-76. Export earnings were realized largely from primary commodities. The relatively large money values of exports and imports of the Netherlands Antilles, Venezuela and Trinidad and Tobago result mainly from the role of petroleum products in those economies. These same countries, like the others, import most of their food products, consumer durables and capital goods inputs. Therefore, we cannot focus on the value of exports and imports in isolation from the internal and international economic dynamics. All of this means that the given money values are not important *per se*. It is the commodities, the value contained in them and the alienation of surplus value that count. Trinidad and Tobago and Venezuela are the only countries in this group to have registered a favorable balance of trade during the period. For all of the countries, we must bear in mind that the money terms of trade are basically misleading for they do not reflect the inflation problem and they do not, in themselves, reveal anything about the process of unequal exchange.¹⁷

In terms of trade, the United States maintained a favorable monetary trade balance with Barbados, the French Antilles, Jamaica (except for 1976), the Leewards and Windwards, Haiti (except 1971 and 1976) and Mexico during 1970-76. For the most part there was an unfavorable balance of commodity trade with the Bahamas, the Dominican Republic, Guyana (except 1975-76), the Netherlands Antilles, Surinam, Trinidad and Tobago and Venezuela. Apart from Guyana and Surinam, the others export large quantities of refined petroleum products to the United States. This is particularly the case for the Bahamas. U.S. trade with Cuba continued to be insignificant.

The general commodity situation can be visualized in broader terms. Whereas the United States did not experience a very large surplus with the Basin countries, its trade surplus with Mexico was significant and it has come to dominate trade with most of these countries. Factors related

17. S. AMIN, *supra* note 8, at 161-62.

to competition — proximity, competitiveness of U.S. prices, marketing, delivery and quality — are identified in recent issues of the Foreign Economic Trends (FETs) reports and the Overseas Business Reports (OBRs) for all countries, upon which the following conclusions are based. The Bahamas obtains over seventy percent of its imports from the U.S. and in 1976, the U.S. became the major supplier of Barbados' imports for the first time. Outside of Puerto Rico, the Dominican Republic is the single largest market for U.S. exports in the Caribbean and Central America. The French Antilles and French Guyana trade primarily with France (seventy percent) and the EEC (ten percent), while U.S. trade with these territories is negligible. Guyana, Jamaica and Haiti also import most of their requirements from the United States. Haiti currently imports at least fifty percent of its requirements from the United States while Trinidad and Tobago obtains approximately forty-five percent of non-oil imports from the same source.

It is stressed that the Netherlands Antilles, with its strong foreign "tastes" orientations, is a good small market for U.S. consumer imports. The United States currently supplies over forty percent of Venezuela's consumer imports and purchases about one-half of her non-oil exports but experiences some competition from West Germany and Japan in the import market.

Mexico has somewhat of a special position in the U.S. import-export situation. In 1976, Mexico was the fourth largest export market for U.S. goods (\$4.9 billion) and the seventh largest supplier of commodities to the United States.

The Dominican Republic relies most heavily on the U.S. import market with an annual average of 71.4% followed by the Netherlands Antilles (57.8%), Trinidad and Tobago (55.6%), Jamaica (45.6%), Venezuela (39.6%), Surinam (37.6%) and Barbados (27.4%). Throughout the period, Venezuela and the Dominican Republic registered the smallest fluctuations while Barbados and Jamaica showed the highest fluctuations. The expansions gained by Trinidad and Tobago and the Netherlands Antilles, starting in 1973, are mainly the result of the changes that occurred in the international petroleum industry. These are among the countries with the most favorable foreign exchange positions.

*The Empirical Context: Capital Flows
(Foreign Investment)*

Most of the commodities that are exported by Caribbean Basin countries are produced by companies and plantations that are foreign-owned and/or controlled. The export and import market pricing processes also tend to show different degrees of manipulation and control by these and other monopolies and oligopolies. Frequently, the direct contributions

of these foreign corporations to the internal economic situation are marginal¹⁸ and there may be no guarantee that the surplus value which they accumulate will be converted into capital in these same countries.

On the whole, there is a high level of private overseas direct investment (PODI) in the Basin countries. Venezuela, Mexico, British West Indies, Panama, Netherlands Antilles, Trinidad and Tobago and Jamaica lead with the greatest amounts of direct foreign investment. These countries may be separated from all others in terms of volume of investment and levels of concentration of investment in a limited number of enterprises. Jamaica and Guyana are the only countries that registered a decline in foreign investment at any time during the years covered.

For all other countries there were reasonable to large increases in PODI between 1967 and 1975. From 1967-71 there was an absolute increase of \$3,514.9 million or a 36.9% increase. Between 1971-72 the volume of investment rose by \$693 million (5.3%) and from 1973-75 there was an absolute rise of \$6,375 million (41.8%). For the period as a whole the total increase was \$12,087.9 million or 127%. At the end of 1967, the U.S. share of PODI in these countries was \$6,517.5 million (69.1%). Other leading foreign investors in the region include British, Canadian, French and Dutch firms which shared 30.9% of PODI by the end of 1967. Based on the total population of the Basin countries, there tends to be high per capita investment and, given the variations in population for each country, there tends to be even higher per capita investment levels on a country-by-country basis. This suggests that the level of foreign investment per capita of population is high.

With regard to U.S. direct investment in selected countries for 1970-76, there are similar patterns of foreign capital concentration.

In spite of the adoption of nationalist public policies in Mexico and Trinidad and Tobago, the level of U.S. investments has increased. The decline of \$216 million registered by Mexico in 1976 was modest. U.S. investment in Guyana declined by about sixty percent from 1970-76, and Jamaica registered a very modest decrease of \$77 million in 1976. The Bahamas, Bermuda, Dominican Republic and Panama all experienced moderate to high increases in the volume of U.S. direct investments: the increase from 1970-76 was 159.5% for the Bahamas; 134.9% for Bermuda; 63.1% for the Dominican Republic; and 64.3% for Panama. While the increases by volume were quite modest for Barbados and Belize, the French Caribbean and Haiti did not show any basic changes in U.S. investments. For the countries as a whole, U.S. investments rose by

18. H. A. Watson, *supra* note 4, at 502-60.

\$5,670 million (79.5%) from 1970-76. Since the export of capital essentially takes place to counteract "the tendency of the rate of profit to fall," one can be assured that the basic tendency of foreign capital is to make a higher rate of profit abroad than at home. The realization of a higher rate of profit by U.S. capital invested in these countries suggests that a considerably higher rate of surplus value may be realized and therefore, a higher level of exploitation of labor power in high productivity and low productivity industries. Unionized industries may experience a much higher degree of class conflict than other industries that are not unionized. The higher the productivity of labor in non-union industries, the greater the tendency for capital to increase the degree of exploitation of labor power.

The Empirical Context: The Export/Import of Labor

Theoretical literature on international migration (just now being developed) views this process as an integral part of the international division of labor. Literature that bears this orientation indicates that there is a direct relationship between underdevelopment and the export of labor from the periphery (neocolonies and other dependent countries) to the center. In addition, this position holds that economies of the center also import this labor in order to help satisfy labor requirements in different sectors of the economy.¹⁹ The tendency of most of the literature on international migration has been to focus mainly on the so-called "brain drain"²⁰ and to approach this aspect of the problem from the perspective of neoclassical and post Keynesian synthesis. Such an approach has generally failed to capture the meaning of process as it relates to imperialism and underdevelopment.

Our concern with the export of labor to the United States by Caribbean Basin countries stems from our perception of the problem of underdevelopment which was set forth at the outset. Information gathered from recent FET publications indicate that most of the countries contained in the sample have experienced or are now experiencing

19. H. A. Watson, *supra* note 4, at 546-560; H. A. WATSON, *International Migration and the Political Economy of Underdevelopment: Aspects of the Commonwealth Caribbean Situation*, in CARIBBEAN IMMIGRATION TO THE UNITED STATES 16-43 (1976); E. Petras, *Quantitative Migration: Thoughts on the Study of Immigration Patterns with the Modern World Economy, and Some Alternative Data Sources* — Paper presented at the joint meeting of the International Studies Association and the Smithsonian Institution Research Institute on Immigration and Ethnic Studies, Washington, D.C., February 22-25, 1978.

20. H. MYINT, *ECONOMIC THEORY AND THE UNDERDEVELOPED COUNTRIES* 238-252 (1971).

unemployment rates of fifteen to twenty-five percent and when levels of underemployment are considered, these rates may be as high as forty to forty-five percent. While there is considerable variation in population, the level of labor exports tends to be high due to the critical shortage of skills, the shortage related to the problem of labor productivity and economic development. Though the differences between professional, skilled, semiskilled and unskilled labor are important, all categories must be given a proper perspective because, as exported labor, they do reflect the crisis of unemployment within underdevelopment.

The situation for 1970-76 found Mexico dominating the other large labor exporting countries followed by the Dominican Republic, Jamaica, Trinidad and Haiti. Guyana, Barbados and Panama are ahead of Venezuela but far below the major exporters.

For our purposes, labor may be categorized as professional, technical and kindred (PTK) workers to housewives, children and others. The United States imported about 19,799 PTK workers over the seven year period. Included among labor in the PTK category are doctors, engineers, architects, scientists, nurses, lawyers and other high productivity "professionals." Other categories vary in terms of training and productivity. However, productivity must be seen within the context of the prevailing technology of production which results from and reflects the level of development of productive forces in the center and in the periphery. The export of skilled labor from these countries to the United States means that the labor-importing economy obtains benefits from labor resources it did not necessarily train. It is a kind of technology transfer by the labor exporting country.²¹ The benefits foregone and shouldered by the labor exporting economy are reflected at three levels: a) the direct social costs of training this labor, assuming it was trained at home; b) the social and economic consequences of the depletion of its limited skilled resources; and c) its contribution to the labor importing economy.

The Caribbean Basin countries, like many others in the periphery, have experienced deteriorating terms of trade, foreign capital domination, external indebtedness and high levels of outflow of surplus value. At the same time there are high inflow levels of investment capital. As this capital is brought in, profits and labor are exported. The export of profits and labor are part of the "mechanism of transformation" which any economy requires for development. It is ironic that these economies could have higher levels of unemployment if this labor were not exported since this labor is important to the development of a more skilled labor force.

21. K. KABRA, *THE POLITICAL ECONOMY OF THE BRAIN DRAIN* 114-36 (1976).

But it has no employment outlets at home; it is exported to alleviate the unemployment crisis and to boost productivity and fill needs in the labor importing economy.

When labor is exported, it aggravates the already serious problem of limited skills in the economy. The contradiction is simply that the export of labor results from underdevelopment which is intensified by the export of labor that is required to facilitate a rise in productivity and the advancement of development. All of this takes place in the face of fairly active perverse growth — development of underdevelopment. The reality is that attempts to diversify production and exports; efforts to industrialize for national economic development via the import-substitution industrialization approach; and via strategies such as regional economic integration (LAFTA, CARICOM, etc.) have been largely unsuccessful. Massive unemployment prevails, denationalization has reached new levels in some countries and investment in import-substituted industries and further capitalization of raw material ventures have come primarily through PODI. The result has been further integration into international capitalism.

U.S. INTERESTS

The Carter Administration appears to be in favor of what has come to be called “ideological pluralism” in the Caribbean. This policy has found support in liberal quarters which stress that there may be useful lessons to learn from Cuba’s experience. Support for a degree of “ideological pluralism” in official and unofficial U.S. political circles reflects an adjustment in those circles to the imperialism-socialism contradiction. There is no serious scholarly position or analysis on the Caribbean that does not see Cuba at the center of this “new” policy orientation. If world realities are considered, one is left with the impression that there is little that is “new” about this policy in any substantive context. The United States is more concerned with fundamental changes in the mode of production and class character of the state in Guyana, Jamaica, the Bahamas, Surinam and Mexico than it is about developments bearing upon state participation in, or control of, the means of production. In the latter respect, Cuba is the exception but this does not mean that “unconventional” politics in the region does not concern the United States.

In order to pursue these points, we may look at U.S. Department of State perceptions of developments in Caribbean Basin countries from the angle of U.S. economic interests. First of all, those countries with a fairly high level of industrialization and which have a considerable foreign exchange and/or the ability to obtain funds for capital formation and

expansion are on top in terms of U.S. economic expectations. These countries include Mexico, Venezuela, and Trinidad and Tobago. All three are looked upon as having sound investment climates. The massive capitalization programs of Venezuela — valued, according to the 1977 FETs, at \$9.3 billion for 1976-80 — along with those of Mexico and Trinidad and Tobago provide excellent opportunities for U.S. exports and investments over the next five to ten years and beyond. The Dominican Republic, according to the 1975 FETs, is viewed as a country with a “stable political climate” where cheap labor abounds. The United States does not expect to lose any of its market share in Guyana and Jamaica; import reduction has resulted from the foreign exchange crises and has little to do with the ideological thrust of these countries.

Barbados is seen as a good investment risk even if on a small scale, and the Netherlands Antilles are a reliable market for U.S. goods. It is not anticipated that state policies which stress economic nationalism in Surinam and the Bahamas will weaken the U.S. trade or investment position in these economies. In particular, with respect to the Bahamas, it is noted that “the major political parties are committed to principles which foster the environment needed for economic growth, investor confidence and political stability.”²² All other countries, with what appears to be a radical thrust, want to offer similar guarantees. While Haiti does not show any signs of measurable economic growth, it is still viewed as likely to attract some offshore light industries on account of its cheap labor that is currently being bought at an average of \$1.60 per day.

Recent moves toward coordination of “regional” policies by capitalists and capitalist states are also instructive. “Ideological pluralism” incorporates policies for closer interaction designed to forestall, wherever and whenever possible, a fundamental and critical shift to the “left.” It is understood that such a shift is not impossible and since the United States does not continue to view its “interests” in the Caribbean within the classical cold war “zero-sum” framework, it has had to consider and support alternatives — namely, private sector organizations within the region made up of local and foreign capitalists; closer coordination of policies and strategies by bilateral aid donors as well as by multilateral bodies including international financial institutions (*e.g.*, IMF, IBRD, IDB); and support for intraregional multilateralism spearheaded by countries such as Trinidad and Tobago and Venezuela with possible Brazilian involvement. This capital bearing “pragmatism,” it is hoped, would serve to counteract Cuban influence in the Caribbean. It seems

22. *Foreign Economic Trends and their Implications for the United States (FET)*, The Bahamas 77-064, Department of Commerce (1977).

clear to the United States that Cuba's objective legitimacy in the region cannot be undermined any longer and this represents a real problem for imperialism.

The context in which the United States pursues its broad economic, political and strategic interest in the region continues to change. For example, matters as basic as human rights and the democratization of international relations are being defined by a range of countries, including small countries. Cuba, Guyana and Jamaica are among the small countries that are influencing these definitions and perceptions in the region.

In the final analysis, the United States should be expected to pursue its policy interests in the Caribbean according to strategies which will work with respective groups of countries — namely, Mexico, Panama and Venezuela in one respect, Haiti, the Dominican Republic and Grenada in another respect, and those Commonwealth Caribbean countries where the short honeymoon of postwar "liberal" democracy is quickly coming to an end. The latter countries have few options. In spite of "acceptance" of ideological pluralism, the barometer of U.S. support is, without a doubt, the dynamics of anti-imperialism and the national liberation revolution in the Caribbean.

CARIBBEAN ALTERNATIVES: IN LIEU OF A CONCLUSION

We have seen that import-substitution industrialization has failed to produce expected results. Regional economic integration strategies that begin with promotion of "trade creation" objectives among peripheral economies that are highly integrated into the world system have also failed. The degree of economic nationalism that forms such a regional trust may conceal the real contradictions. On the other hand, the impact of the world crisis may accelerate the destruction of weaker structures or the dynamics of international capitalist integration may lead to a sufficiently high level of denationalization that reproduces stagnation. State ownership and/or control of the means of production does not necessarily constitute an alternative. The region appears to be playing out its options within the model as the crisis sharpens.

What, then, are the alternatives? In each country the political ruling class and economic sectors are interested in strengthening their respective positions within a rapidly shrinking area of discretionary social action. Mexico, Venezuela and Trinidad and Tobago have been attempting to develop export markets in the region. Trinidad and Tobago has seen CARICOM as its market, largely because it has had no luck penetrating metropolitan markets with its non-oil manufactures that are produced by foreign corporations. Under the auspices of the state and

foreign capital, Trinidad and Tobago seek to control the CARICOM market. Jamaica will not sit and watch out this play of forces. Internal and international economic crises force Jamaica and Guyana to adopt austere measures that have a negative impact on the export market of Trinidadian capitalists, both state and private. Guyana needs the regional market for its rice exports, while Jamaica hopes its manufactures will catch on in the Eastern Caribbean. Eric Williams' attempt to make Trinidad and Tobago the successful capitalist model in the Caribbean has come under pressure from developments in Guyana and Jamaica and from "new" relations between Mexico, Venezuela and Jamaica.

There are other serious issues — the problem of Cuba's role in the hemisphere, the independence of Puerto Rico, the constitutional status of the Netherlands Antilles, the question of the autonomy of French Caribbean dependencies²³ as well as the British Caribbean dependencies, associated states (LDCs) and all other territories in the region, including the U.S. Virgin Islands. On all of these questions, it has been suggested that the critical factor is one of power.²⁴ In order to set the conditions for realizing this "power," the prevailing mercantilist and neomercantilist arrangements must be terminated. To do this, the entire region must be mobilized, not on the basis of some new version of the discredited strategy of the 1960s that reproduced neocolonialism, but according to a new strategy that is Pan-Caribbean in orientation.²⁵ Such a strategy does not and cannot rest on acceptance of "ideological pluralism," though the extent to which "ideological pluralism" may pertain can be helpful in the interim. It calls for a break with imperialism and requires unqualified support for the unconditional independence of Puerto Rico — a nonnegotiable issue. Repressive regimes must be isolated but their isolation must be seen in terms of their termination. All military bases in the region would have to be removed, all the way from Guantanamo to Barbados. Economic survival would require a strategy of self-reliance based on rationally conceived cooperation that would be capable of thinking through the basis of appropriate technologies within a mode of economic organization that puts the working class first.

There are other basic problems such as how to deal with raw material resources, including oil production and processing, bauxite and sugar. Other issues that affect intraregional transport, population, regional planning and development have to be tackled. Immediate problems of

23. Caribbean Contact, February 1978, at 2; *Id.*, March 1978, at 3.

24. L. Best, *The Fixture of CARICOM*, Lecture presented at the Latin American Roundtable Seminar, Institute for Policy Studies (1978).

25. *Id.*

regime ideological diversity, from liberalism to neofascism, are massive and the questions of short-term and medium-range options for the immediate future must also be considered. Questions of "race," nationalism and others that bear on territorial (border) disputes between Guyana, Venezuela and Surinam and between Belize and Guatemala are likely to persist. There is also the question of subimperialism which Trinidad continues to identify.

At present the United States should not be expected to contribute to the resolution of these problems. It is not even likely that the scale we envisage will be feasible now or in the medium-range outlook. Yet, there are general regional problems with economic, political and other social dimensions. The preconditions of their resolution rest on weakening the ties of dependence with imperialism. It is logical to reason that, since the integration of these countries into the world capitalist system has been central to the production and reproduction of this situation, disengagement from that system is necessary for the resolution of the contradictions that have been produced.

