

# Beyond Caricom - Re-imagining the Caribbean Nation and Economy

R. DeLisle Worrell, Ph D<sup>1</sup>

*DeLisleWorrell.com*

Sir Arthur Lewis Lecture, Sir Arthur Lewis Institute of Social and Economic Studies

University of the West Indies, Mona, Jamaica

February 1, 2023

## Preliminary remarks

*Distinguished guests and friends:*

*Thanks for joining us this evening.*

*My thanks also to the VC and Salises for inviting me to share some ideas about our Caribbean, Sir Arthur Lewis' native land, which remained close to his heart to the end of his life. I still have his 1965 pamphlet "The agony of the eight", a last plea to Barbados and the Eastern Caribbean to form a successor to the West Indies Federation, after Jamaica and Trinidad-Tobago had both departed. It ends with this lament about the islands' leaders: "Have we not this much statesmanship left in these little islands?"*

*My career owes a great deal to Sir Arthur; he was instrumental in the arrangements for my sabbatical year at the Princeton Institute in 1980/81, a pivotal experience for me. During that year, interaction with the finest minds in our discipline and many other fields of learning, members of the Princeton faculty and visitors, was a great confidence-builder for me. Sir Arthur and his wife Gladys were gracious hosts to myself and Monica during my stay.*

*This evening I will share with you some thoughts and ideas that give a new, positive perspective on the Caribbean, one that might serve to renew our energies and commitment to the Caribbean regional ideal. These reflections are still in a formative stage in my mind, and I very much look forward to your responses to them.*

Thirty years ago I wrote a proposal for a common currency for the Caribbean for the West Indian Commission, a body that was set up by Caricom Heads of Government to consult widely within the region and make recommendations to rectify the perceived ineffectiveness of Caricom. The Commission's report *Time for Action* notes that "foremost among our concerns, has been the question of how to establish Community machinery which will enable important decisions to be more readily taken and, when taken, implemented without delay or dilution". All these years later it is evident that the Commission was unsuccessful in the principal task it undertook. Among the Commission's proposals, none of which was ever implemented, was a modified form of my proposal for a single regional currency, described in my paper "A common currency for the Caribbean", published by the Commission in 1992.

There is a currency that has always been in common use everywhere in the Caribbean, though not one of our own making. Were I to have delivered this lecture in person, I would have flown from my home in

---

<sup>1</sup> My thanks to members of the audience attending the lecture for their challenging and helpful comments and questions. I have tried to incorporate my thoughts on them all in this revised version of the essay.

Barbados to SALISES at Mona, Jamaica, where, fifty years ago, I had my first job as an economist. In Jamaica I would have paid for my accommodation and meals in US dollars; sadly, no business or financial institution in Jamaica has any use for Barbados dollars. When my wife Monica and I feel comfortable to resume our annual trek to Trinidad for Carnival we will secure our bookings in US dollars. Our hotel in Port of Spain has no use for Barbados dollars. With US dollars you can do business anywhere in the Caribbean and beyond; your own domestic currency is literally worthless beyond the national borders.

When I left Barbados at age 19 in 1964 to study economics at UWI Mona I travelled on what was then a daily BWIA flight that originated in Trinidad, touching down in Barbados, Antigua and Puerto Rico, terminating in Kingston, Jamaica. Today the most convenient way to travel to Kingston is by way of Miami. Miami is the hub through which a majority of intra-Caribbean commerce is channelled, and it is the centre through which most of the Caribbean accesses the world for trade, travel and finance. It is becoming, if it is not already, the commercial capital of the Caribbean region. If you are arranging a conference or board meeting with participants from several Caribbean nations, a hotel in Miami is the most convenient and cost-effective location to choose. As with the currency, the essential link for regional integration is the one which gives access to the wider world, and it is not physically in the region we think of as "the Caribbean".

The cultural capital of the Caribbean is also in the US; New York City is the centre of the Caribbean music industry, and the main revenue source for Caribbean musicians and practitioners of the festival arts. The Labor Day Parade on Eastern Parkway in Brooklyn, New York, is the most Caribbean of all the regional carnivals, with Haitian bands along with the bands from the English-speaking Caribbean that are prominent in the region itself. The participants may be found waving flags of every country in the region. Moreover, New York rivals Miami in the range of Caribbean cuisines on offer; Miami wins with respect to the Latinx Caribbean, but Brooklyn is the hands-down winner as regards the rest of the Caribbean.

Caribbean governments are all very keen on developing the cultural industry, and everywhere there is talk of its potential for economic diversification. However, if we take a look at the cultural contribution to GDP in any Caribbean country's national accounts, it seems that very little has come of all the efforts to build the industry into a significant source of foreign earnings. This contrasts with the small but rapidly growing proportion of the labour force everywhere that are able to make a good livelihood from their skills in music, logistics, event planning, communications and technical services, security, information and other services related to events and performances. The companies and professionals that provide these services travel with the activities, and where they reside and pay taxes may not be a good measure of their contribution to the Caribbean economy more broadly. Wherever they live, their income ultimately supplies goods and services in the Caribbean, through a variety of channels. We regret that our musicians and artistes make their homes in the US, Canada and elsewhere, instead of recognising the benefit that our countries derive from their success, through family ties, contributions to travel and tourism, marketing exposure for local individual entrepreneurs, companies and attractions, and in many other ways.

We also need to recognise that many of our national government policies stand in the way of the development of the regional cultural industry. Any artiste starting out in Barbados must have access to a credit card with which they can pay for instruments, equipment, travel and accommodation, all in US dollars; on that credit card there will be a limit set by the Central Bank of Barbados. You cannot transit through Miami, or access the lucrative North American market, without a US visa. Any established artiste, performer, writer or innovator needs to have their intellectual property protected under US law; the protection offered by national law is of little economic value. Here, then, is an industry of growing importance which flies under the radar because we measure its economic contributions on a national

basis. Moreover, the policies our governments devise to promote cultural industries are mostly off base, and some domestic protective policies are a major obstacle that cultural practitioners must jump over.

Remittances from abroad have become a major source of foreign currency for Jamaica, the Dominican Republic, Puerto Rico, and several other Caribbean countries. Remittances contribute just as much as tourism to foreign currency supply in Jamaica, while for Haiti there is now little other inflow of US dollars. In Barbados and elsewhere, the incomes of residents who have retired after a working career abroad are a source of foreign currency which is growing in importance. As is the case for countries around the world, the movement of people provides remittance incomes and transfers in kind, which contribute to the livelihoods of residents of the Caribbean.

The founding fathers of the Caribbean integration movement, to which Sir Arthur Lewis devoted much of his energies, understood that our region is quintessentially an open economy. Our energies, resources and talents are directed to the production of internationally competitive exports, tourist and other services, which we sell to the world. With the foreign exchange earned, we buy the thousands and thousands of items and services that provide us modern lifestyles. Regional integration, as they understood it, was never about autonomy; they advocated regional integration as a means of raising productivity and regional competitiveness, so as to earn the region a greater share of the value added in exports and tourism. In their influential study *The dynamics of West Indian economic integration*, Havelock Brewster and Clive Thomas recommended a development process which is initially geared to the regional market, protected by external trade policy, to lift regional productive capacity to a level of production and skill that would provide a platform for international competition, opening the way for exports. Their study explicitly rejects the notion of import substitution "to denote the reduction or elimination of certain imports and their replacement by domestic products" (Brewster and Thomas, Page 332)<sup>2</sup>.

The Caribbean economy, like that of every small modern economy, is motivated by commerce with the world at large. Very little of what supports the livelihoods of the residents of any small modern economy is produced locally. Local consumption of local production typically includes farm-fresh foods and local specialties and novelties; all else is purchased from abroad, using the income earned from the internationally competitive goods and services which the economy exports.

In Chapter One of my new book, [\*Development and Stabilization in Small Open Economies\*](#), I explain that the national income of every small open economy is limited by the amount of foreign currency available because foreign currency is needed to pay for imports – to buy fuel, to restock supermarket shelves, to purchase computers, cell phones, motor cars and buses, trucks, office equipment, electrical and plumbing supplies, medicines, animal feed, broiler chicks, steel and construction materials, and all the thousands of items without which the society cannot function. What is more, “the economy will grow only when the earnings of foreign currency increase, or when there is major foreign investment. Government spending on public utilities, health infrastructure or housing may be a national priority, but unless such spending is funded by borrowing abroad it will be counter-productive, because the imports that would result from the additional activity will deplete the foreign reserves” which the central bank holds to protect domestic currency against unexpected pressures in the foreign currency market. (Worrell, 2023, Page 7).

Over the past thirty years, the Caribbean economy has made substantial progress in improving the livelihoods of all residents of the region. The best available measure of this progress is to be found in the annual *Human Development Report*, published by the United Nations Development Programme, UNDP. All Caribbean countries except Haiti are among countries listed as having high or very high levels of human development in the 2021 *Report*. Since 1990 Gross National Income per person has improved in

---

<sup>2</sup> Brewster, Havelock and Clive Thomas, *The Dynamics of West Indian Integration*, Jamaica: ISER, UWI, 1967.

all countries, when allowance is made for the fact that a US dollar goes further in some countries than in others. In addition, life expectancy at birth and average years of schooling, the two other elements that make up the Human Development Index, improved everywhere.

This improvement in regional livelihoods owes nothing to regional economic policies, which have been as lofty in ambition, as they have been dismal in effect. There are just five institutions which have made a measurable impact on the development of the region: Caribbean Development Bank, the University of the West Indies (UWI), the Caribbean Examinations Council, the Caribbean Catastrophe Risk Insurance Facility (CCRIF) and the Caribbean Disaster Emergency Management Agency (CDEMA). The Treaty of Chaguaramas lies in tatters, the subsequent declarations all now forgotten, and commerce, travel, migration and financial intercourse within the Caribbean is more difficult and expensive than with North America. At the level of policy the Caribbean has regressed from the degree of integration enjoyed during the colonial period, when there were few limits on intra-regional travel, migration and finance.

Apart from those just mentioned, regional institutions have fractured along national lines, and, in some cases, collapsed. An early casualty was the Caricom Multilateral Clearing Facility, an arrangement between regional central banks which facilitated the use of regional currencies in intra-regional trade and travel. The Caribbean Centre for Money and Finance, CCMF, was a productive collaboration between UWI and the central banks, which I had the opportunity to lead, briefly. The record of policy research produced over decades by this institution, which originated as a special programme within SALISES, is impressive, but sadly, the sponsors have decided it is now superfluous to their needs.

When I attended UWI as an undergraduate between 1964 and 1967, there was a single main campus at Mona, with a satellite in Trinidad specialising in agriculture and engineering. A campus had just been established in Barbados, but its offerings were limited. All the Caribbean came to Mona for university education, and we graduated with a consciousness of our Caribbean identity, grounded in personal experience. It was at Mona that I developed my abiding love of ska, rock steady and reggae, but also of steel pan and Carnival costuming; of jerk pork and escoveitch, but also of dhalpouri roti, garlic pork, oil down and pepperpot.

What is equally important, the UWI was an outward-looking institution. When I graduated with First Class Honours in Economics I had a pathway to a full scholarship which funded my graduate studies, thanks to the international networks to which my teachers belonged. The UWI to which I returned as a Junior Research Fellow of the Institute of Social and Economic Research, as it then was, was a world leader in economic development, and, together with the Department of Economics, produced a body of work whose depth, reach and influence has not since been equalled.

The UWI today is much larger and it has had a signal effect on higher education in the region; however, in the field of economics, it is much less influential that it once was. Current economic policy in the region owes almost nothing to guidance provided by UWI. In contrast, when the UK government devalued the pound against the US dollar in 1968, it was to the ISER that central banks and monetary authorities appealed for guidance as to how they should react. Nowadays, policy everywhere in the region is informed by ideas emanating from the International Monetary Fund and other multinational agencies. A First Class Honours degree from UWI no longer assures access to graduate study in leading universities in North America and the UK.

The aspiration for Caribbean unity retains its obvious appeal; even as a single united body the Caribbean would struggle to have some influence on the global policies that impinge immediately on our lives, much less on the global changes that threaten human life on Earth. As matters now stand, with individual states deploying scarce resources of personnel and talent across the wide range of commercial, financial, legal,

technological and regulatory issues in numerous international fora, the Caribbean has no hope of conditioning the circumstances under which the region engages with the wider world.

Caribbean regional integration efforts never really got off the ground, and now there is little hope they will do so.<sup>3</sup> In spite of that, our region is a world leader in resort tourism. The Caribbean boasts remarkable successes in developing a cultural industry which is truly Caribbean, and which has worldwide impact and influence. Reggae and the steelpan are global phenomena, with adherents, fans and practitioners everywhere you travel. The festival arts, to which Trinidad has made unique contributions, continue to blossom in the region, in the diaspora, and beyond. Caribbean writing, once a small niche market, is now centre stage in the English-speaking world. Caribbean sports personalities are household names everywhere.

### *Reimagining the Caribbean nation and economy*

In his forthcoming book *Studies in the Political Economy of the Anglophone West Indies*, Professor Jay Mandle estimates that about one-quarter of the combined population of Barbados, Guyana, Jamaica and Trinidad-Tobago lives in the United States. That population provides a major contribution to the home economies, through remittances, transfers in kind, participation in carnivals and festivals in the Caribbean and in the US, hosting friends and relatives when they visit the US, and providing income in foreign exchange by those who retire to the Caribbean. Much of the income which results from these activities does not appear in the national accounts of the home country, even though Caribbean residents benefit in one way or another from every one of these activities, even those that take place in the US. To get a full measure of the impact on the livelihoods of Caribbean people, we would need measures which include all the value added that has improved the livelihoods of Caribbean people, both those who remain at home, and those who seek opportunities abroad.

A wider concept of the Caribbean nation also serves to correct misperceptions about the "brain drain", and the "loss" to Caribbean territories when highly educated individuals migrate. Instead, Caribbean people should be encouraged to seek the best opportunities available to them, whatever their level of skill, and wherever in the world they choose to pursue their interests. We should expect to retain skilled personnel essential for the Caribbean's development, by offering internationally competitive remuneration packages at every level of skill. By this I do not mean that we should attempt to match salaries on offer in rich countries; Caribbean territories have natural advantages which make them preferred places to live and work, and major household investment, especially housing costs, are much lower than in North America and Europe. However, the gap between remuneration levels in the Caribbean and what is typical for similar skills in North America and Europe makes it impossible to retain a sufficient calibre of worker in the region, especially in the public sector. The private sector has had to adjust, because in the open economies of the region, companies go out of business if they fail to raise their productivity to internationally competitive levels. The yawning gap that has now opened up between public and private sectors in the region, most acutely at management levels, is reflected in the growing dysfunction of the public sector within the region.

---

<sup>3</sup> It was suggested that the Organisation of Eastern Caribbean States (OECS) provides an example of modest success in forming an effective integration institutions. In fact, the most effective of those institutions, the currency union, is what remains of the British Caribbean Currency Board, which issued a single currency for the English-speaking eastern Caribbean, from St Kitts in the north to British Guyana in the south, until Guyana, Trinidad-Tobago and Barbados established their own currencies. It is not a currency made in the OECS.

When we view the Caribbean as one nation rather than from the point of view of individual nationalities, we lose our preoccupation with intra-Caribbean trade; what matters is how much income the whole Caribbean Nation earns, and how equitably it is spread among Caribbean people. Nobody cares how much trade there is between Brooklyn and Queens, which each have economies many times larger than any Caribbean territory. Equally, trade between Jamaica and Trinidad-Tobago is an irrelevance, something that affects the lives of their citizens not at all. We should aim for greatest growth of the economy that feeds the lifestyles of all who identify as Caribbean people, and we should facilitate the distribution of Caribbean income across the region and the diaspora.

### *Some suggestions for the way forward*

The Caricom Secretariat might repurpose itself as the hub and facilitator of information and communication on all matters relating to the economy, society and governance of the Caribbean Nation. The Secretariat has long had an effective machinery for organising and supporting in-person regional conferences. Also, it has taken some useful initiatives in the area of news and information services. Carifesta, the regional festival of the arts, is an engaging idea which has never been fully realised. My suggestion is to devote all the resources that are available to the Secretariat to services of this kind, making use of the latest information and communications technology. The skills deployed by the Secretariat might be much the same as they now have, but rather than burden them with the implementation of policies for which they have no authority, their mission would be to keep Caribbean peoples informed of conferences, events and opinion about our Caribbean Nation, wherever our people are found. The rest of the world, too, would find in the Secretariat an authoritative source of information on everything to do with the Caribbean Nation.<sup>4</sup>

My second suggestion is that the Caricom Secretariat, the UWI and every other regional institution should use the US dollar as the currency in which they do business. This would facilitate the recruitment of staff with skills of an internationally competitive standard, and the mobility of staff across the campuses of the university, the offices of the secretariat and the offices of all regional organisations. It might with time create cadres of Caribbean public officials, intellectuals and communicators, to match the vibrant communities of creatives which are already flourishing within the region and the diaspora.

Thirdly, the Caribbean should acknowledge reality and dispense with local currencies, adopting the world's currency, the US dollar, as the sole measure of value in transactions, domestic and international. The dollar is already the currency of all intra-regional commerce, and its use for domestic business is widespread. As I have pointed out elsewhere ([Worrell, 2019](#)), the use of domestic monies is in decline throughout the region, and US dollars are preferred everywhere, for obvious reasons. In that paper I explain why Caribbean central banks cannot pursue independent monetary policy, even though we have domestic currencies, so the use of US dollars for domestic transaction does not imply the loss of a policy tool; on the contrary, for the dubious privilege of issuing local notes and coins, our countries are obliged to lend scarce foreign currency to the US Government in the form of foreign reserves, funding which might otherwise have been used for domestic capital formation. In any case, the extinction of local currencies seems inevitable, and there is no need to prolong the agony.

---

<sup>4</sup> It was suggested that the Caricom Secretariat might also play a role in defining and promoting a new vision for the region, but the Secretariat is not structured to undertake such a mission. For one thing, its mandate is not sufficiently wide, since it does not include Cuba, the Dominican Republic, Puerto Rico, the French or Dutch Antilles, or the Caribbean diaspora.

I am also suggesting that Caribbean governments consider removing all taxes and restrictions on imports. Import taxes are a relic of a time when they were the main source of government revenue. In a time before taxes on income and sales, sovereigns taxed goods in transit, mainly at national borders, with property as a secondary source of revenue. Now sales taxes in various guises are the largest source of revenue everywhere, with income taxes in second place. Import taxes make only a small contribution to revenue, but they raise the costs of providing tourist and domestic services above the competitive international level. To the extent they provide any protection to domestic activity, such activity is by definition inefficient, because if it were up to international standards it would not need to be protected against the imported product. Removal of import taxes would lower costs to domestic consumers and producers, and reduce government expenditures, with the elimination of small armies of customs officers everywhere.

Such a radical change would undoubtedly have wide repercussions, not all of which can be anticipated. It would have to be carefully planned and executed, over period sufficient to gain acceptance and understanding of the population. Special attention and care would need to be given to the local activities which would be put out of business because they are cannot compete with imports of comparable quality without the protection of import duties. Schemes for transitioning the affected workforce to sectors with higher productivity would need to be carefully tailored to the specific circumstances of each activity, and should be designed to offer more attractive, more remunerative and attainable employment for all the affected workforce.

*Where does this leave us?*

I believe that we should refocus our energies, aspirations and resources away from our individual national communities towards the goals of the Caribbean Nation, consisting of everyone who identifies themselves as Caribbean, wherever in the world they happen to live. From that perspective, we immediately realise what a remarkable impact the Caribbean has had, and continues to have, on the world at large. Our achievements as Caribbean people are out of all proportion to the size of our population and resources. All the things we seem to lack in individual Caribbean states, are in evidence to an extravagant degree in this wider Caribbean Nation. As a nation, we Caribbean people can hold our heads high, and offer inspiration to other small nations. We should not be surprised that the foremost manifestations of our genius are not to be found in individual Caribbean states. None of our individual countries offers adequate scope for the full expression of the potential of Caribbean people. Our petty nationalisms distract us from the reality of our remarkable achievements as a nation, in every field of human endeavour.

Success breeds success. We need, as Caribbean people, to celebrate our achievements and successes, and to use them as our guide and inspiration for our future, as individuals, as communities and as one Caribbean Nation. History has burdened us with a plethora of little nationalisms, and there is nothing we can do about that. The people of the Caribbean are obliged to look beyond the boundaries these nations impose, to realise their potential. We should require our governments to encourage and facilitate our movement, regionally and internationally, in every way possible. Our little nations are already being enriched through the many personal and informal networks that bind Caribbean people together, within the region and the diaspora, and our future lies in enabling, widening, deepening and strengthening those networks.