



# Independence and Economic Progress in the Caribbean

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## **Independence and Economic Progress in the Caribbean**

The Caribbean gives the lie to the notion that achieving political independence always results in faster national economic development.

The richest and most highly developed countries in the Caribbean are Bermuda and the Cayman Islands, both overseas territories of the UK whose citizens carry UK passports. Bermuda, not technically in the Caribbean but sharing Caribbean culture and sensibilities, has among the highest incomes per capita of any country in the world, and both Bermudians and Caymanians enjoy a quality of life superior to what may be found in the independent Caribbean.

A few months ago the *Economic Letter* compared the economic fortunes of Jamaica, an independent nation, and Puerto Rico, a territory of the US. The average Puerto Rican has income much higher than the average Jamaican, and Puerto Ricans' US citizenship provides them with a range of educational and job opportunities that are beyond the reach of anyone with Jamaican citizenship. A similar comparison can be made, to the disadvantage of Barbados, an independent nation, between that country and Martinique, which is incorporated into an overseas province of France.

The range of their choices of places to travel, study and work is much wider for Puerto Ricans and natives of Martinique, Bermuda and Cayman than for independent countries. If there are no suitable jobs at home, Puerto Ricans may seek employment anywhere in the US. A student from Martinique may further their studies and pursue a career anywhere in the European Union. With their UK

passports, Bermudians enjoy visa-free travel to the US and many other countries which holders of Caribbean countries cannot enter without having first obtained a visa.

In contrast to independent Caribbean countries, the dependencies all have free access to US dollars and euros, two currencies which can be used to make international payments. The US dollar is the domestic currency in Puerto Rico, and the euro is the domestic currency in Martinique. Bermuda and Cayman have their own currencies, but US dollars are freely available, and are in common use.

Dependencies have access to financial assistance, investment funding and technical assistance from the advanced countries with which they are associated, in case of disasters and to improve transport and other infrastructure. The population of Montserrat survived the Mount Soufriere volcanic eruption which rendered two-thirds of the island uninhabitable, thanks to its status as a British overseas territory. In addition to disaster relief which the island received from the British Government and Caribbean and international agencies, those Monserratians whose livelihoods were destroyed by the volcano were able to relocate to the UK.

We must look outside the Caribbean to find examples of small independent nations which have done extraordinarily well. Iceland, Malta and Mauritius are all island nations which have achieved exceptionally high standards of living over the past thirty years. What distinguishes them from the independent Caribbean is a stable value of the local currency, general availability of US dollars, free of controls (euros in the case of Malta), and a government whose borrowing strategy focuses on long term loans for ports, roads, public utilities and other infrastructure.

These basics of sound economic management are recommended for all small open economies, whatever their sovereign status. What independent countries lack is the oversight of higher levels of government to assist them with the tools and expertise to ensure the economy is carefully managed, and to provide emergency support when needed. The governments of Iceland, Malta and Mauritius have shown the necessary maturity in adjusting to crises and changing circumstances with a view to maintaining the basics of economic stability, something the independent Caribbean has largely failed to do.

*My Economic Letters may be found under "[Commentary](#)" at [DeLisleWorrell.com](http://DeLisleWorrell.com).*