

# GLOBALIZATION AND “CARIBBEAN 2001”

## The Challenge of Competition - The Caribbean vs the World

*Feature Address delivered by Michael White to the  
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Mr. Chairman, I am deeply honoured and privileged to have the opportunity to speak to an association as important as yours.

The world is a victim of neat, airtight, well-packaged, and enthusiastically promulgated concepts, which resolve themselves into slogans by which, sometimes with the assistance of the stars, human destiny is guided and forged.

We are complex creatures who like things explained in simple ways and so we are receptive, and indeed eagerly look forward to the latest one-word, one-phrase notion, which is to explain our dilemma.

When it arises, we quickly, like atoms responding to a magnetic force, succumb to its attraction, busily restate our goals, redefine our objectives and priorities, change our allegiances, adjust our structures, debunk our intellectual inventory, and decapitate the preceding notion, from which, until recently, we derived our solace.

The march-past of words which crystallized our notions of the important truths of life is scintillating: Barbarian, Infidel, Crusade, Empire, Slave Trade, Laissez-faire, Monarchy, Capitalism, Socialism, Third World, Infrastructure, Development Assistance, Cold War, Detente, Non-Aligned, Free Enterprise, Trickle-down, East-West, North-South. There are some new ones which we all pray we will survive: Structural Adjustment and Global Warming, for instance.

Of course, I would not suggest that when once these expressions, or these concepts, lose their supremacy as motive forces, they are all passé. That is precisely the problem. Having placed their stamp on human conscience and will, they struggle, sometimes in the minds of powerful men and factions, for sustainability; they try to fit, however clumsily, into the new social and economic order, causing immense tensions, dichotomies, contradictions, disruptions, and paranoia; finding it difficult to co-exist, they often wage perpetual war against each other.

Some groups like it that way, using their favourite shibboleth as a tool to manipulate the system and gain or maintain their relative advantage. One thing seems true, that every one of these man-made constructs tends to leave some better off and others worse off than before, because they are so often predatory in one concealed form or the other.

What we are here today to discuss is Globalization, the latest of an integrated cluster of notions to arise from the ashes of past experiment. You would be surprised to know the extent to which development literature is gravitating to this concept. It is the dawn of a new "Empire".

And what of the year 2000? It is an amazing concept. It is electric. It makes the heart pound with excitement. It is like the grandfather of New Year's Eves. But can anyone tell me

exactly what is going to happen on January 1, 2001? Will the clocks chime differently? Will the cocks crow differently on that morning? In what way will the world manifest this dramatic milestone? Will all men declare peace? Will I become my brother's keeper? Will all the guns become quiet, once and for all? Will men be suddenly moved to really care for the poor and the dispossessed of the earth? Will Martin Luther King's dream for blacks and whites and yellows and browns come true? Will greed come to an end when the church bells ring on that morning? What is the magical creation that we anticipate the fairy tale of 2001 will give birth to?

We only know that in this new era of globalization, much of our vision, our planning, our realignment is targeted for that year.

Over the next 8 - 10 ordinary years, thousands of hapless children are condemned to die of malnutrition. The capitalist machine, now unhindered by a competitive world force, and with a revitalized legitimacy, will in its escalation throw tons of impurities and poisons into the air, epidemics will decimate our population, some nations now without nuclear weapons will develop the appropriate technology, drugs will continue to attract misguided youth and financially motivated adults, racial conflict and localized battles will escalate out of bounds, moral values will give in to situational ethics completely. That is, unless we take December 1991 as seriously as we plan to take 2001.

Mr. Chairman, Ladies and Gentlemen, I do not want to torpedo our theme. On the contrary, I want us to take it seriously, more seriously than we have taken anything before. I want us to use it as an opportunity to think beyond mere concepts and slogans, to the important realities, the challenges and opportunities they may obscure.

There is a deep contradiction in the development culture I would like at the outset to note. Countries, such as the countries of Africa have been marked with the stigma of backwardness and ineptness because they have been slow in modernization and in coming into the technological age. A civilized country has almost been defined as one with complex human systems and institutions, large scale productive entities, etc; the countries of the developed West and countries of Africa have been presented as two extremes in the spectrum. But now that the full effects of modern industrial society are being measured, and the tragic errors exposed, there is a hungering for the simplicity and community that African nations have been persuaded to surrender in the interests of development. I believe that the pulling back to this simplicity will be the real preoccupation of 2001. All that I say from now will be shadowed by this belief.

We in the Caribbean have been vocal and exciting; we have not always been innovative or inventive; we have a strong historical tendency to seek external validation of our ideas; worse, to wait until others have initiated and tested their changes and improvements to introduce our own; we are often in the backwater of invention, borrowing even our development philosophies, not to mention tools, from outside. That is perhaps why 1992 and Fortress Europe is so frightening to us; we do not know what the world is going to do to us; we are sure if the world does not do something, we may not survive.

The right response to 1992 and to 2001 is to sit still, think, plan intelligently and effectively, and initiate the actions we consider most judicious for our survival. Our destiny is really not in the hands of Europe. It was once in the hands of England, a fact which we continuously lament. (My personal destiny is in the hands of God).

Yet, whatever we plan or do, must take account of the real world in which we operate, and what others are planning and doing. And the trends we define as Globalization are trends which we must take into our thinking and planning. Globalization has several facets. It is characterized by the breaking down of national barriers to trade, and to the flow of resources, of investment

capital; by the freer movement of persons as sojourners or as labourers in the global vineyard, by the speed of international communication, by the urgency and comprehensiveness of collaborative action by governments on issues of common concern, by the coalescing of global opinion, for instance, on matters of the environment, by universal endorsement of the market system as the only viable model of national economic organization, by the rise of democratic institutions, by increased acceptance of the UN as an important control organization. At the regional level, globalization is finding expression in the formation of massive trade blocs; but paradoxically, these blocs, notably Europe, and North America and Mexico, are feared to have the potential to operate against the wider goals and possibilities of world economy, they are perceived by some to offer as much of a threat of monopolistic control and protectionism as a hope for truly open trading and sharing.

Globalization is, of course, much more than an economic phenomenon; it has other deep social, moral, and spiritual roots and manifestations. The dialogue is the same whether we are talking about the environment, drugs, overpopulation, disaster management, or famine. We are in a world moving inexorably to oneness. But not everyone is on board yet.

In an article on Europe at the crossroads, *Development & Cooperation* magazine alludes to "the threat of a global economy with up to 50% of world population missing the train to progress." Pedro Bello writing in *Harvard Business Review* explains it: "Globalization has largely left out two huge regions of the globe, encompassing more than 60 countries that account for roughly 20% of the world's population and a major share of its natural resources: Africa & Latin America."

Some see developments in Eastern Europe as particularly significant. Louis Emmerif, President of OECD Development Centre, noted: "With Eastern Europe re-establishing its links with the world economy, we are faced for the first time, since the end of the second world war, with a truly global economy."

To your organization, Mr. Chairman, what is projected to happen to labour, to the world's human resource, is interesting. OECD in its employment outlook points out that "maintaining informal and formal barriers to flows of people and their skills between labour markets is in conflict with international trading developments and the wide-ranging implications of globalization."

William Johnson, writing in the *Harvard Business Review*, states: "Now human capital, once considered to be the most stationary factor in production, increasingly flows across national borders as easily as cars, computer chips and corporate bonds. Just as managers speak of world markets for products, technology, and capital, they must now think in terms of a world market for labour."

He puts his finger on an important problem with which the Caribbean is faced, and it is that, while much of the world's skilled and unskilled human resources are being produced in the developing countries, most of the well paid jobs are being generated in the cities of the industrialized world. He predicts this will "trigger massive relocations of people" and "the greatest relocations will involve young, well-educated workers flocking to the cities of the developed world."

The development of most voiced concern to the Caribbean is the planned creation of a single European market after 1992. This will be what *South* magazine portrays as a US \$4 trillion market of 320 million people in which goods, labour, services, and capital will move freely. This is a development which even the Japanese view with trepidation, dubbing it Fortress Europe. The fear is that the removal of barriers will create the world's most restrictive

and largest trading bloc. This will allow EC industry to organize on a scale sufficiently large to gain a competitive advantage over the US (with a population of 220 million) and Japan (with 120 million).

It is to be noted that Japan operates at the commanding heights of American industry, so it will capitalize on the goodwill that exists between the U.S.A. and Europe to get more of its American produced manufactures into Europe.

In answer to Europe, North America, already formed into a Free Trade Area between the US and Canada, is working towards expanding the bloc by integration with Mexico. Mexico has been presented as America's "Eastern Europe", offering 100 million potential customers, a receptive political environment, and reasonably skilled low-cost workers "just across the Rio Grande." Without a formal trade pact, US industry has already spilled over to Mexico to a considerable extent. Harvard Business Review indicates there are an estimated 1250 wholly owned American plants or "maquiladora" operating along the US/Mexico border. These assembly plants export finished goods produced from US raw materials back to the US. Since 1988, Global corporations have invested some \$50.8 billion in Mexico, and are now investing at a rate 25% higher than just two years ago.

The Caribbean has never seen itself as a partner of Mexico, and there is practically no trade, cultural, or economic relationship between the regions. If the North American Free Trade Area is expanded to include Mexico, that will change, and (forgive me) a study must be commissioned on what the change will mean.

These manifestations or causes of Globalization have significance for the Caribbean, in some aspects immediate, in some long-term, and it will not be possible for us to examine their implications fully here. But there are some important questions for us to put on the table. Will the Caribbean or CARICOM in an increasingly interdependent world economy:

- need greater protection against cheaper imports competing with nascent local industry?
- need more preferential treatment of exports in target markets, particularly the agricultural mainstays: bananas, sugar, rum?
- lose more foreign private investment opportunities due to flows to other countries, mainly Eastern Europe?
- lose more qualified manpower to developed countries?
- lose its bargaining power as a zone of political influence?
- need more development aid in a situation in which other developing regimes are seen to have more justified claims?

If the region steers its usual course, the answer to all these questions is strongly affirmative. But dependence on aid and protectionism as the twin pillars of economic policy in the Caribbean is as untenable as it is impractical. Mr. Chairman, please excuse me if I do not take time here to describe and analyze details of the specific issues of the commodities we trade. This is because I respect the greater expertise and competence of the people working in the trenches to do so. Let me here, in particular, point out two excellent sources of information and analysis of Caribbean issues: The CARICOM Perspective and the CANA Business News. I would recommend that every leader at every level in the Caribbean and in every walk of life subscribe to and read these publications on a regular basis.

In regard to aid, America, over the past ten years has been the region's main benefactor, followed closely by Canada and the UK. Just recently the hole in the Soviet Union's economic

power was unmasked, and it quickly collapsed as a vaunted donor country. No economic indicators point to American and Canadian economies as being as rotten at the core; but no one is suggesting that they are as endlessly endowed as they were once envisioned. CANA Business of April, 1991 quotes Mark Edelman, the Administrator of the US Agency for International Development as saying: "America's resources are limited and money for Eastern Europe will come out of what would otherwise have gone to Central America and the Middle East...we are in a zero sum game in foreign aid and no one gets more unless someone else gets less."

Quite apart from the dwindling reservoir of aid resources, there is a deeper truth about aid we have to recognize. It does not contain the answer to development. The Development and Cooperation Journal in an article on Peru, puts it well: "For over three decades foreign aid has been seen as the instrument to bring development to the Third World. Since the United Nations proclaimed the 1960s the Development Decade, Latin America has received some US \$125 billion in aid from the West, and yet the reality of underdevelopment has worsened in the region."

We can identify with that. AID, and even too much of our own money, can give us a false sense of security.

As far as protection is concerned, it is the very antithesis of Globalization, or one of its central elements, liberalization. The fact that we agonize so much and struggle so hard to ensure we do not lose our trade protection in our most traditional exports -- bananas, sugar, and rum -- on the British market demonstrates the dangers of dependence on protection as a basis for our economic prosperity.

We can state the problem without going to the extreme. I do not believe the trend is towards insensitivity to the needs and problems of developing countries and small dependent states. The discussion in the advanced countries is about enlightened self-interest, not disinterest in the problems of the so-called "Third World". EEC delegate, Eberhard Stahn, writing in CANA Business has stated: "There are, however, solid grounds for believing that Europe post 1992 will stand by its commitments to the Caribbean and that at least some developments will be positive."

He gives as evidence the recently concluded Lome IV Convention, "which consolidates and improves upon (the) special relationship between EEC and ACP" and provides that:

- the convention will have a life of 10 years, remaining in force until the year 2000;
- the trading regime has been improved with better access for certain agricultural products and improved rules of origin;
- the financial resources available have been increased by 20% in real terms."

Whether or not aid to the Caribbean is maintained at the levels of the '70s and '80s, the uncertainties of the present times and the challenges of Globalization almost command us to rethink our directions and policies, and see what better scheme of things can be generated from our own ingenuity, creativity, and productivity as a people.

The countries of the world all have to think and plan in terms of some universal principles, the Caribbean among them. They must, firstly, utilize their own resources, with wisdom, prudence, and intelligence in their productive machine; secondly, optimize introduction of efficient technologies for increased productivity; thirdly, strive to provide as much of the food

needs of their own populations as they can; and fourthly, seek maximum export of the range of products in which they have an advantage.

The Director General of DSE, the German Foundation for International Development, has stated: "The most fundamental lesson of four decades of development cooperation is probably the recognition that the policies of the developing countries themselves are essential for the solution of their problems and for their development."

He continues: "Until now, the function of development cooperation has been overestimated. It is only one -- and frequently very modest -- factor, which influences, but hardly ever determines the development process."

In the Caribbean, if this not true, we must make it true. And the task is in the lap of the people of the Caribbean. The world is our oyster. We must in the next decade, unleash our creative potential to break down constraints, to heal our land, to innovate, to wipe out illiteracy, to strengthen the productive capacity of our institutions, and to transform ourselves into a dynamic, innovative society.

It is because JATAD shares this vision that we are here this week. JATAD's plan is to foster the formulation of strategies for optimising corporate performance in the region, through effective Human Resource Development. That must become the goal, the watchword of every institution, private, public sector and voluntary, in the region.

The communiqué of the May 1990 OECD Ministerial Council Meeting stated in relation to developing countries that these "countries themselves are ultimately responsible for their development. Their own policies and institutions are central to achieving broad-based and sustainable growth, as are active participation of their populations and their ability to mobilize domestic resources".

There are some facts that dramatically confirm the extent to which it is the people of a country and their policies which make the critical difference in development. As Harvard Business Review again says: "Mexico shares a border with the US, has vast oil, copper, and iron reserves, and its market share in the US is about 5%. Japan, on the other hand, is nearly six thousand miles away from the US, has few natural resources, and supplies about 20% of all American imports.

We must put investment in our people first. Development is about people and for people. People are both the beneficiaries and main impacters of all development. We must educate our people, train our people, and motivate them to greater and greater heights of excellence -- in every field. This is the first obligation of Caribbean leadership. Japan is a small nation with a large population; it has invested much in its people, and they have made the most productive economic machine of themselves; Switzerland is also a small country; it is renowned for the quality of its products, for the technical efficiency of its people. England is a small country, relatively poor in resource endowments. It has lived and prospered through generations by use of its brain power; the concept of international service industries began in Britain, and British financial, consulting, and other services brought great wealth and prestige to that nation before others caught on.

We must develop the confidence of our people in themselves, encourage the use of their talents, and inculcate in them desirable work habits and attitudes. We should adopt a Caribbean workers' professional code and sing it like our anthems.

Human intellect is an exportable commodity, it can earn foreign exchange, it can produce wealth; there is no limit to its resourcefulness. That is a lesson we must learn and teach each other.

As the Head of the CARICOM Secretariat, Roderick Rainford, reported at the Sixth Conference of Heads of Government: "The challenge of the future lies in the developing the skills to tackle the problems of development using indigenous natural resources."

This challenge, he said, must be met regionally.

We should acknowledge the Technical Education Plan agreed to by CARICOM Governments which is intended to provide a framework to identify processes and strategies for developing and improving technical vocational education and training throughout the region. The plan has several important and encouraging elements relating to manpower planning, career guidance, public awareness, and so on.

Each region must base its development on the resource endowments which give it an economic and productive advantage. An inventory of our resource base shows us to be no worse off than many and a lot better off than most: perpetual sunshine and equable temperatures; abundant hydro and marine resources; forest reserves, clay, oil, natural gas, thermal energy, aluminium, asphalt, fertile soil, and the man-made infrastructure that we have invested in over the decades.

Some of the potential outputs from this resource base have been virtually left out of serious consideration over the years of development, and this is mainly because of our thinking within small national boundaries; examples are:

- an international school of marine biology
- conference venues for boards of medium-sized international companies
- aluminum components for mainland industry
- movie industry
- food flavours
- dry docking
- skin care products
- brick manufacture

To what extent are Caribbean youth informed about the region's resource base? There is no popular publication that provides information on our resources and the technology available to exploit them, thus bringing them into the active, creative vision of our young people: our future scientists, technologists, and entrepreneurs.

We must group industries according to the prospects they offer us as a region, purchase the expertise needed for their development, and assimilate the technologies which will make us efficient producers.

From the sixties we have been pursuing policies of industrialization, seeking to encourage investment in light industries in the region. Many of these are non-competitive and technology deficient -- unable to penetrate external markets and even to compete in the region against imports from outside.

Continued promotion of an entrepreneurial culture throughout Caribbean society must underpin our efforts. It is people, Caribbean people, who will do the things that need to be done, carry out the research, experiment with the products, set up the pilot plants, make the trial shipments, take the chances, and make the quantum leap forward.

The CARICOM Enterprise regime, which provides a legal framework for the setting up and operation of regionally owned and controlled companies, is a valuable initiative for achieving our industrial growth through strong regional cooperation. But the enterprises must be

started by entrepreneurs, and these entrepreneurs must get the full backing of governments and the work force.

The 1990s should be a decade in which productivity becomes more than an inspiring word, but a mix of public and private sector, group and individual inputs, which ensure the pre-conditions for optimum performance in every job, however small. A definition of expected outputs in every occupation should be as important to the labour contract as an escalation clause.

The labour-management dichotomy in the Caribbean is an archaic contrivance that almost guarantees our poverty and inefficiency. It is like two people fighting to get out of a deep hole by cutting each other's feet and then trying to stand on each other's heads. The blood drains out of both and in the vain struggle they both perish. The dichotomy must be replaced by a social contract in which dignity, self-worth, honesty, and productivity are the mutual goals, and through which individuals begin to have faith in a shared future.

There are some institutions set up by the Caribbean which have the right idea, but they never seem to have been strong enough, or even taken seriously enough to effect their mandate. Three of these stand out in my mind: CARIRI, CARICAD, and CFC. What have these organizations been missing: financial backing? enthusiastic political support? intensive evaluation and strategic planning? desired levels of technical expertise? These are such important institutions for our technological, managerial and economic advancement, that they should be taken up, dusted and given a place in the sun. They should perhaps become CARICOM enterprises, joint ventures between the public and private sectors with strong linkages with right minded external partners able to provide the financial and technical backing they need.

The Caribbean has demonstrated great leadership and intellectual prowess in the world fora; we only have to mention the name of Arthur Lewis to see what difference an individual can make. It is time we forge alliances with the countries of Africa, providing managerial and technical resources in support of African development. To do that, we must break out of a mindset that makes the distances seem to us too great, and the challenges too formidable. Globalization must mean for us productive partnership in development of the human and physical resources of a continent with which we have so much in common, but which we have, up to now, seen only as in a glass: dimly. We are in a position to offer consulting and technical services in engineering, in education, in health, in economic development, in agriculture, in organization and management. We have not yet evaluated the measure of our professional and technical input into the developed countries to which we have spread out. But it is significant.

We must also explore opportunities for meaningful partnerships with progressive global companies, not in a whole variety of pursuits, but in few, possibly as little as two, well-selected fields of enterprise which match our resource base. Europe with its potential market of 320 million people will give a tremendous impetus to global thinking on the part of large companies. The United States, Japan, and Europe are in competition for the global market. The competition will be intensified in the next decade. Every region which has a resource input to offer, and a market with effective demand, will be a potential partner. These companies will be looking at ways to decentralize their productive units to be closer and more responsive to the local market needs. In the global village, the Caribbean is a good base from which the European company can serve the giant US market, as well as the Caribbean market itself. It is here that I will take a leap that may make us all dizzy.

Cars are not one product. They are made of components. The Caribbean, in collaboration with a car manufacturer and an aluminium company, can produce car bodies to be installed on

imported chassis for sale on the regional and Central American markets. This is ahead of the plan that we once had of combining the Bauxite of Jamaica and Guyana, with the hydro capacity of Guyana and the oil of Trinidad in a regional aluminium smelter project, which is still a valid idea. In a world that is beginning to grasp the meaning of conservation of nature's resources and of good stewardship, the durability of aluminium will soon force itself into contention as a better reason for using this material for cars sold to poor countries who cannot pay the high national cost of built-in obsolescence which virtually defines today's motor vehicle. The saving in freight and in foreign exchange, the gain in employment and use of our own resource base, and in the development of our technological competence to be derived from such a venture may more than offset the national debt we have built up from our wanton importation of consumer durables over the years. If Korea can produce a whole vehicle and sell it to us, we can produce a part and sell it to ourselves. Of course, I know we could cite against these stories such as the Morogoro Shoe Factory in Tanzania, set up by government which is alleged to cost the country \$500,000 US per year to keep in production. Based on the use of local leather, and the production of shoes for the local market and export, the plant has never operated profitably. It is suggested that Tanzania would save foreign exchange by shutting the factory down, importing shoes, and exporting leather, bringing us all back to square one. But the world always holds up before us the bad lessons of the developing world as an eternal curse, while everything in the developed world is pictured as plausible and good.

Interesting initiatives are being taken in Mexico and the Mexican economy seems well poised for dramatic growth. According to Harvard Business Review the Government has "manifestly shifted its development strategy from an inward-looking policy of import substitution to a more open economy emphasizing internationally competitive manufactured exports." Mexico is preparing itself for Globalization. About 750 state enterprises have been privatized since 1982. The Government approved \$2.5 billion in new foreign investment during the last half of 1989 alone, and hopes to bring about "a doubling of foreign investment annually by the mid-1990s". Money that took flight because of the instability of previous years is beginning to return, and Mexico now has an active stock exchange attracting almost \$200 million in foreign capital investment. Recognizing that development plans must be based on a strong, trained, entrepreneurial population, Mexico is "building a solid base of human resource skills." Large companies are establishing cooperative relations and technology-sharing links with Mexican and American Universities and strong global companies. HBR reports that "a growing cadre of skilled engineers and trained workers is allowing Mexican companies not only to master simple assembly technologies, but also to compete effectively with advanced technology."

The Caribbean should open the door of communication and cooperation with Mexico fostering the same relationship that Venezuela has seen the need to foster with CARICOM. Mexico can be an important source of industrial inputs, technology, and, of course, tourists for the Caribbean. We have a part to play that is more than mendicant in a vast North American trade bloc, and we must strategize to play that part. We can be the entrepot of the world to good advantage, providing no one is allowed to use us merely as a chain of convenient stepping stones. We should see both the US/Canada/Mexico bloc and Europe as offering us unlimited opportunity for creative economic partnerships based on:

- our comparative resource advantages
- joint controlled exploration of our resources

- removal of qualitative as well as quantitative restrictions to trade
- joint research and development of new technologies

CARICOM should propose convening in 1992 of a tripartite meeting between the US/Canada and CARICOM to agree on a strategy for coordinating the two initiatives, CARIBCAN and CBI, and making them work. They are at best now lame duck mechanisms inspired by hope rather than strategic planning and deliberate action. I believe that the countries that can mount "Desert Storm" in the twinkling of an eye, because of high principle, can set up a trade and development machinery for this small region which works.

The other main thing we must ensure is food security for our people. The level of investment in agricultural infrastructure, the farming knowledge and expertise of our farmers and institutions, the size of our arable land space relative to our population, the fertility of our soil, and the diversity of our agricultural production should equate to the ability to feed all our people. The problem relates to our view of society and economic order, as well as our priorities, and again our mind set must be changed. In the year 2000 no child in the Caribbean should be without a full meal each day. I am not bringing us back to the failed commune or even the Kibbutz; I am inviting us to bring about the agricultural transformation which our creativity allows us to, so that our efforts at development have meaning and concrete results in areas of need.

We must really stop having meetings to agree to increase the proportion of regionally produced food and reduce the \$2.1 billion EC (formerly \$1 billion) food import bill. We must initiate a program to achieve this end.

The Tourism sector will continue to be important to Caribbean growth. What we hear most often about tourism as a vehicle of economic development is that it is a mixed blessing, by which is meant it may have positive short-term economic benefits, but these may be negated by long-term social consequences which leave the country worse off. There is a basis for this scepticism.

Development & Cooperation magazine in an article on "Tourism -- a mixed blessing for the Third World" informs that under a joint EEC/Zimbabwe Government agreement, some \$16.5 million US is to be spent on promoting Zimbabwe image abroad, but warns that: "while Zimbabwe seems set to invest a considerable amount of money in... this sector, it might well ponder the lessons learnt from other developing countries which pursued this path and are less than enamoured with the actual results." The writer is very strong. He says: "The claim that tourism promotes understanding between different peoples is also something of a joke, when one contemplates the cultural damage that has been inflicted on many communities throughout the Third World."

The Government of Bhutan has "come to the conclusion that additional income from tourism is not worth the effect the industry has on the culture, environment, and development priorities of the country."

South magazine in a special report on Tourism in Thailand points out: "Although foreign tourists spent about US \$2 billion in Thailand last year, many view the sector's remarkable growth as a mixed blessing. Increasingly vociferous national and international interest in groups are urging more thoughtful planning of an industry that is beginning to run out of control. Of particular concern is the impact on development of the hill tribes of Northern Thailand."

This captures the essence of the debate on Tourism in the Third World. It continues: "Tourism has accelerated the development of the region but a question mark hangs over the

nature of this development. Analysts point out that only some tourist areas are able to absorb the large numbers of visitors without serious effects on the environment, culture, or local economy."

This could be written about our region where tourism plant and services have dramatically increased to meet the industries growth potential.

Yet, we cannot give up tourism; we only have to contain it. The word tourism focuses on an organized industry. But the underlying fact is that people from all over the world, rich and poor, have the desire to travel to new and exotic lands. Like the most notable travellers of all, the Three Wise Men, they have good reasons for travel, and they will not be stopped. In a global village continuous travel is inescapable, and as the world comes to understand itself and appreciate the need for relationship and friendship among cultures, it would be a contradictory policy to try to restrain the free movement of people who want to come and see how you live and to enjoy your hospitality. The people who write most about the negative effects of tourism, are probably also the ones who travel most, if only to find out what is negative and positive in different lands.

We must strive to develop a rationalized regional tourism: one which promotes the Caribbean as a unit, with different parts, all beautiful; one which is open to cultural interaction. We can sell to the world what values we uphold, and that we expect these values to be respected by friends who visit us. Perhaps to achieve this, we may have to stop selling casinos and nude figures, so that we deliberately excise the worst social impacts that we fear.

The University of the West Indies has served us well, and I look forward to a landmark celebration of its great contribution to the region.

In the next ten years, we should make our University into a world centre of teaching and research excellence in one or two key areas such as the environment. Our University should find a place among the world constellation of renowned places of higher education. The external assistance we seek for our University should relate to this goal. The plan for the development of the University would increase its attractiveness to the young minds of the region, as well as students from other countries, serving in turn to upgrade its standards and programs, and its impact on the social and economic life of the Caribbean.

The process of integration of Caribbean economies must move swiftly from debate to action. I just hope our respected Havelock Brewster is not right when he writes that "While the changing world economic situation has undermined the regional rationale, the (CARICOM) Community has not found transitional strategies that could preserve and incrementally enhance its *raison d'être*, " and that "regional bureaucratization is becoming a substitute for regional integration and grand schemes a simulation of distant dreams." Whatever popular scepticism or political inertia still operates, to keep us back from taking advantage of the economies of scale in production and global marketing, must be removed. The Windward Islands' Banana Industry is the one enterprise in which all restriction to integration of production and marketing in the region were removed, and full collaboration fostered, at all levels, and it is the most outstanding success story, which has maintained the economic life of the four countries concerned for years. I recognize that the industry has largely survived through the protection it has enjoyed, but what I am stressing here is our ability to coordinate and cooperate successfully when we are motivated to. We keep saying that there is no other agricultural commodity that offers this potential; this is the only one we have really tried over the long haul, and we may have rested too complacently on this success. The challenge of Europe '92 provides us with the opportunity to innovate as a region in production and marketing of new crops.

From what I understand of the Asian model of development, there are some elements which I believe demonstrate great wisdom. The initiation of a new industry is a joint effort between government, business, and labour. There does not seem to be time for petty squabbles, misunderstandings, and working in opposite directions. Resources and policies in the sectors are coordinated through all stages of planning and implementation of the enterprise to achieve its goal - in recognition that the benefits inure to everyone involved and to the society as a whole. Americans are worried that that strategy is turning the USA into an economic colony of Japan. We can do no less in the Caribbean to give vitality to our industry and agriculture.

There are other elements of the economies of Dynamic Asian Countries (DAC) which we would do well to understand. They have the discipline required to:

- minimize consumption of high cost imports until they can afford it
- increase local savings and make them available for investment
- recruit the expertise needed to introduce new productive technologies.

There is a case study which all our entrepreneurs should be familiar with: that of Nomura Securities Co. Ltd. Now the largest and most profitable financial institution in the world with 5 million customers in Japan, and net income in 1988 of \$1.7 billion US on revenues of \$8 billion. Recognizing that every home may have savings, however small, which they could be persuaded to invest, Nomura has a part-time staff of 2,500 women who knock on doors and host gatherings in their homes to interest other women in securities. Nomura's use of part-time staff goes back to 1953, when the company introduced the equivalent of \$1 million Ryo savings chest to promote small investor interest in the stock market. Nomura kept the keys to the boxes and assembled a team of women to collect the cash. In exchange for a full box, the customer received shares in a Nomura-sponsored investment trust. More than a million boxes were distributed before the program ended in 1962. But the tradition of a part-time sales force targeting Japanese housewives continues.

This is an exciting story, and I recount it to show how new ground can be broken, and how innovation can produce outstanding success.

Globalization poses challenges to the Caribbean; but these are mainly opportunities, which our people have the collective potential to take advantage of. Despite our abundance, we have never been comfortable with our environment, always feeling our resources inadequate to our needs. Over the years then, we have always provided a source of skills for first world development, leaving it to foreign experts to provide us with technical assistance. The success of Japan and the other Dynamic Asian Countries, should establish to us that resourcefulness is more important than resources, since the former can create the latter. And resourcefulness resides in the human breast. That we should show concern for the effects of movements in other parts of the world is natural; that we should be paralysed by these developments rather than respond creatively to them, is unbecoming.

Perhaps instead of striving to maintain independent protection for bananas, sugar, rum, and rice exported at low prices as "commodities" we should look at them as raw materials utilizing all the skills, hard labour and hard currency earnings of our people, which could with right spices be transformed into more marketable products that the vast markets of Mexico, the United States,

Canada, Western and, eventually, Eastern Europe will demand. If we deny this possibility, we are declaring that our 30-year old policy of diversification has been a grand act of self-deception, and a pathetic waste of scarce resources.

The removal of barriers to trade, the claims of new developing regions like Eastern Europe to development aid, the strengthening and increased dominance of global companies are all factors which pose a challenge of competition to the Caribbean. They will affect some of our important products and projects. If Latin America gains equal access to the UK market for bananas, our industry cannot compete. The cost of production is 30% higher in the Caribbean than in Latin America, and Latin American fruit has a better appearance. We have really done all we can -- and more -- to perfect the quality of the fruit produced in our micro farms and small plots, often on steep hill slopes. The Caribbean banana farmer needs a medal for persistent effort and tenacity.

In relation to AID, Eastern Europe will attract an increasing share of what the West has to give. As Development & Cooperation March 1990 states the "bonds of common history, culture, and sometimes even language...make Eastern Europe a natural target for Western economic expansion," and that goal will be preceded by aid, for the same reason that the allies invested everything to rebuild post-war Germany. The aid will prepare the market for West European and American exports.

In relation to private foreign investment, Dieter Brauer writes: " The markets in Eastern Europe and the development potential of their economies are fascinating for Western entrepreneurs and bankers: they are geographically close to the production centres in the West, infrastructure is comparatively well-developed, there are plenty of highly skilled and educated people, and the wage levels are generally low."

In relation to the global companies, the scale of their production will allow them to dominate sources of raw materials as well as markets, giving a competitive advantage to countries within their orbit.

But if all these developments materialize, they have a very bright side; they will give rise to a world that is much more prosperous and responsive, open to trade, economic cooperation and sharing, with no ideological or political barriers. We will all benefit from a more vibrant global economic society.

Mr. Chairman, It is not the Caribbean vs. the World, it is the Caribbean working with the world to add value to the region's resources; to introduce dynamic technologies and arrangements which will build Caribbean productivity, and to provide a comfortable and rewarding zone of operation within which Caribbean men and women can develop and create and live.