

THE MODERN, COMPETITIVE POST-COLONIAL
ECONOMY :
THE CASE OF
ST. VINCENT AND THE GRENADINES

by

DR. THE HONOURABLE RALPH E. GONSALVES
PRIME MINISTER of St. Vincent and the Grenadines



*Office of the Prime Minister,
Prime Minister's Office
St. Vincent and the Grenadines*

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AN INTRODUCTION: THE QUEST

This paper is intended to be conceptual and a broad overview of a critical matter for our economy, society, and polity which constitutes the subject of this essay.

The Unity Labour Party (ULP) administration in St. Vincent and the Grenadines, which I have been heading since our electoral triumph on March 28th, 2001, is engaged in a strategic quest to build a modern, competitive post-colonial economy which is at once national and regional. The very formulation of this strategic path is immediately pregnant with real meaning for our nation's development. Each material word is of significance: modern; competitive; post-colonial economy; national; and regional. Simply put, the colonial economy has been in its death throes for sometime now and the extant circumstances of the globalised world demand that the national economy be transformed into a modern, competitive entity which deepens its integration regionally beyond a single market to a Caribbean single economy, with a most tightly-drawn core of the member-countries of the Organisation of Eastern Caribbean States (OECS).

This transformation of the national economy touches every facet of life and production. The multiple aims are:

- ✓ to lift markedly the material quality of the people's lives towards the level of the so-called First World;

- ✓ to reduce poverty, leading to its eradication, and to engender equity/social justice;
- ✓ to create more quality jobs and to cut the unemployment rate to below 6 per cent of the labour force by the medium term, the year 2020, at the latest.
- ✓ to effect real economic growth, in a more diversified economy, over the medium-term by 6 per cent annually on an average;
- ✓ to utilise all available fiscal instruments, including taxation, to facilitate socio-economic development and equity;
- ✓ to implement a workable and relevant housing policy, especially for the poor and working people;
- ✓ to effect special ameliorative measures for the Grenadines and other relatively isolated areas;
- ✓ to consolidate and strengthen the fiscal situation so as to achieve a sustainable surplus on the current account and a manageable deficit overall on the central government's accounts over the medium-term;
- ✓ to implement on an on-going basis a debt management, sustainable over the medium-term so as to ensure that the public debt does not exceed 70 per cent of Gross Domestic Product (GDP);
- ✓ to maintain and consolidate a stable currency within the Eastern Caribbean Currency Union (ECCU) and, correspondingly, low inflation;
- ✓ to revolutionise the educational system;
- ✓ to deliver the highest quality public, primary and secondary health care services, and to partner with other regional governments in the adequate provision of reasonably-priced, quality tertiary health care;

- ✓ to elaborate further and practically efficacious disaster preparedness and management systems.
- ✓ to build a modern and competitively-priced physical infrastructure network especially in telecommunications, air and sea transport, roads and land transport, electricity and energy delivery, water and sewerage, solid waste disposal and other environmentally-based structures/systems, and housing;
- ✓ to protect and enhance the physical environment with sustainable "green" policies;
- ✓ to implement a workable and relevant housing policy, especially for the poor and working people;
- ✓ to enhance our cultural development to the highest levels as befitting the magnificent Vincentian component of our Caribbean civilisation;
- ✓ to put the development of sports, entertainment, and leisure as integral to our more productive life and quality living;
- ✓ to strengthen the vital social institutions such as the family and civil society organisations;
- ✓ to curb the level of crime to the lowest possible level consistent with a most civilised state of being and safety;
- ✓ to fashion political and judicial systems which deliver, in practice, the best governance and justice possible within the framework and traditions of our liberal, participatory democracy;
- ✓ to raise sharply the level of social capital and social solidarity; and
- ✓ to refocus the nation's foreign policy, including foreign economic relations and trade, in such a way as to enhance our nation's capacity to deal more capably with its external

political/economic environment in the interest of our people's own humanisation.

In short, the transformative process is not exclusively, though centrally, economic. The exercise can only be properly channeled through a deep understanding of the nation's political economy and social economy and their multiple interconnections nationally, regionally, and internationally. A purely economic approach will certainly lead us to a dead end. Economics as an aggregate of technical functions cannot serve us well. Political economy, sociology, psychology, history, writings of the creative imagination and much more, are vital tools in our strategic journey and quest. A clear and immediate lesson is that one cannot police or imprison the people's spirit, one can engender or facilitate its upliftment; and one cannot monetise or dollarise that spirit, one has to let it soar for noble ends and practical benefits! Many such practical benefits flow from the creation of a modern, competitive post-colonial economy which is at once national and regional.

WHAT IS A COLONIAL ECONOMY?

In the context of the Caribbean, including St. Vincent and the Grenadines, a colonial economy has had the following central features or characteristics:

1. A production apparatus built on the engine principally of one commodity. In the case of St. Vincent and the Grenadines, historically, it has been an agricultural crop: tobacco, sugar cane, arrowroot or bananas.
2. An economy based mainly on primary production.
3. Minimal economic diversification. If any, economic diversification was/is largely in (a) the light manufacturing sector through a regime of import substitution and a limiting "industrialisation by invitation"; and (b) small-scale tourism.
4. The requirement of an abundance of cheap, unskilled, largely uneducated and untrained labour, to carry out the mundane

production tasks in an inefficient agricultural economy, the repetitive functions in light manufacturing, or basic jobs in an undeveloped service sector, including embryonic tourism.

5. A dominant external metropolis which objectively determined the overall economic and trading framework for the subordinate hinterland of exploitation in which the application of science and technology was retarded and minimalist.
6. A trading relationship - imports and exports - which is predicated upon a colonial or neo-colonial protectionism.
7. Political and public administration structures which are substantially colonial or neo-colonial. This includes the institutionalised arrangements and public policies guiding foreign political and economic relations.
8. Limited educational and social opportunities for the national population.
9. A lack of equity in the economic structures resulting in low wages, high unemployment, and a low material level of living, including poverty, for the bulk of the national population.
10. A social organisation of labour which is restrictive, unproductive, unequal, and unfair.

All these propositions on the characteristics of a colonial economy are supported by statistics and our economic history. Joseph Spinelli's doctoral thesis on Land Use and Population in St. Vincent, 1763 - 1960: A Contribution to the Study of the Patterns of Economic and Demographic Change in a Small West Indian Island (University of Florida, 1973), contains a veritable mountain of data on the colonial economy and its demography.

Up to 1960, in excess of one-half of the Gross Domestic Product (GDP) of St. Vincent and the Grenadines was accounted for by agricultural activity. By 1990, agriculture accounted for one-fifth of the country's GDP; by 2005, the figure had declined to just over 9 per cent. Correspondingly, the service sector especially tourism,

increased markedly. Manufacturing in its hey-day in the late 1970s contributed 10 per cent of the country's GDP. Since then it has been in decline: 8.16 per cent in 1997, falling to some 6 per cent in 2005. More broadly, in 1990, some one-third of the GDP of St. Vincent and the Grenadines was accounted for by agriculture, fishing and manufacturing. By the year 2005, the comparable figure was 15 per cent. The major impetus for this shift from a goods-based economy to a service-based one, resides in the workings of the international political economy, including modern globalisation, trade liberalisation, and the revolution in information technology.

Indeed, the response of the national policy-makers to the challenges arising from the international political economy was to hope for the best, assert that everything will be all right in the morning, live in a fool's paradise that Europe and America will not let us down on trade and related issues, tinker here and there, and leave it to the Lord in prayer. God's injunction that He helps those who help themselves was not heeded!

At every step of the way the national policy-makers responded slowly and in a limited way in the 1980s and 1990s to the challenges of economic transformation. There was no strategic path devised for a post-colonial economy and when elements of strategic thinking arose they did so inchoately and were in any event stunted in their implementation. Thus, there was no urgency in the areas of appropriate education or training, air access and air transport, viable and adequate sea transport, applied science and technology, agricultural and economic diversification, administrative/governance arrangements to facilitate local and foreign investment, deepening good governance and participatory democracy, deepening regional integration, and an independent, pragmatic foreign policy. In short, the changes in the real world came upon us but with no coherent strategic response from St. Vincent and the Grenadines for the future. Indeed, the twenty years or so between the 1980s and 1990s were veritably lost years strategically, even though the economy grew. The colonial economy lingered, at first in a protectionist cocoon, and thereafter in a dying descent which was not quite yet death.

To be sure there was a little tinkering here and there: Tourism was being pushed in the Grenadines but with wholly inadequate supportive infrastructure; small airports were constructed on Bequia, Canouan, and Union Island but their inadequacies were glaringly obvious. None was able to accommodate jet aircraft out of Miami, Caracas or New York. Indeed, there were even profound limitations beyond this fact. On mainland St. Vincent there was no credible, practical effort for airport development.

Towards the end of the life of the former administration, a half-hearted attempt was mounted to initiate a project to extend the E.T. Joshua airport at Arnos Vale into a jet airport. It was foolhardy for several reasons, but in this regard seventeen (17) years had been wasted between 1984 and 2001. The former Prime Minister, Sir James Mitchell, belatedly recognised his strategic failure. In his autobiography Beyond the Islands published in 2006 he lamented that he was ready to compromise with the Opposition on a shortening of the life-span of his government for a number of reasons, including "my Ministers not seeing the wisdom of developing our opportunities with jet transport to Miami before the banana industry collapsed".

WHAT IS A POST-COLONIAL ECONOMY?

In the context of the Caribbean, including St. Vincent and the Grenadines, a modern, competitive post-colonial economy has the following central features or characteristics:

1. Education and training for living and production; absolutely vital for a modern, competitive economy with quality jobs.
2. Competitiveness and enhanced productivity within a more liberalised trade environment and the decline of a preferential trading regime.
3. Deepening regional integration and integrated production.
4. Advanced science and technology, including information technology, to be utilized in the production and social apparatuses.

5. Enhanced economic diversification into top quality tourism of all types, international financial services, information technology services, shipping, a modern fishing industry, agricultural diversification into commercial agriculture, cultural and entertainment services including the music and film industries, modern transport services.
6. A viable, competitive air and maritime transport system with international quality infrastructure – airports and sea ports.
7. Relatively high levels of direct foreign and regional investment, supportive of strong domestic investment.
8. A quality business environment including a favourable tax regime, and a quality legal system, banking, insurance, and professional services.
9. A viable energy policy with appropriate/suitable external links and an emphasis on energy conservation and renewable sources of energy.
10. The maintenance of stable and developmental macro-economic fundamentals in the areas of monetary and fiscal policies.
11. A social organisation of labour which brings enhanced benefits to the working people and keeps a focus on considerations of equity as an organising principle. Job creation and poverty reduction are critical here.
12. Effective and efficient delivery of State services, including health, housing, justice, law and order, security, disaster preparedness, clean environment and so forth.
13. An independent and free people with an efficient, effective, people-centred State apparatus and good governance.
14. A system of governance which deepens participatory democracy and public accountability, including completing

the tasks of constitutional reform and local government reform.

15. A foreign policy which is independent, principled, nationalist, and pragmatic and is designed to enhance our nation's capacity to address more efficaciously our external environment in the interest of our people's own humanisation.
16. A modern and sophisticated society, in every material respect, without abandoning the core of tried and tested values of our noble Caribbean civilisation and its magnificent Vincentian component. A relevant historical and cultural reclamation is vital here. So, too, is an increased political consciousness of ourselves, our nation, and our place in the world.

The construction of a modern, competitive post-colonial society which is at once national and regional is by its very nature many-sided: economic, political, social and cultural.

The Election Manifestos of 2001 and 2005, the Budget Addresses for the fiscal years 2002 to 2007, inclusive, and the public policy documents in various areas of the economy, society and political/governance systems of the ULP administration, elaborate the central elements of the modern, competitive post-colonial society.

THE TRANSITION

The identification and particularisation of a colonial economy and a post-colonial economy, respectively, leave unanswered certain central queries: What is the nature of the transition from the colonial to the post-colonial society? How is this transition to be managed? What are the challenges inherent in the management of this transition? What are the issues of the transition to be solved?

First, it has to be understood that no ideal-type categorisation exists in the evolution or change from a substantially colonial economy to a mainly post-colonial one. As in all socio-economic formations, the "old", the "new", and the "in-between" jostle with each other

amidst a host of material contradictions. Moreover, there is an unevenness of development within and between the various systematic formations and sub-systems. Thus, enormous complexities exist giving rise to both backward and progressive tendencies which often exist in the same forces, persons or groups as they grapple to make sense of the changes and challenges which are upon us. Accordingly, a clear and focussed direction as to the way forward is critical. There may be tactical shifts, here and there, to accommodate socio-economic and political realities, but there can be no wavering on the fundamental strategic quest. We must never forget, too, that there are powerful domestic and external forces which have a vested interest in the "colonial" order. They must be made to see that it is in their long-term interest to build a different and better post-colonial order.

Secondly, and related to the first point, the transition has to be a developmental goal, defined in the strategic terms of building a modern, competitive post-colonial economy which is at once national and regional. The transition cannot be to a dead-end. This is a critical consideration since the "dead end" can be camouflaged as indeed a glorious end in itself. The simple truth, though, is that the colonial economy cannot be reformed; it has to be transformed into something of a different type, nature and quality.

Thirdly, there cannot be a requirement for transitional tasks to be completed before the fundamentals of the post-colonial economy can be built. The strategic path demands a simultaneous combination of fulfilling the tasks of the transition and the construction of the post-colonial economy. This is not a simplistic unilinear exercise; it is not an either/or abstract formula; it is a complicated, challenging, many-sided, strategic enterprise of a dialectical whole engaging the "old", the "in-between" and the "new" in an on-going process of transformation towards a post-colonial economy.

A series of challenges attend the transition from a colonial economy to a modern competitive post-colonial one which is at once national and regional. These include:-

1. The transformation of the rural economy in an era of sharply declining trade preferences in the traditional markets for the dominant agricultural export crop, bananas. Among other things, a commercially-based diversification of the agricultural sector around, not away from, bananas has to be effected. Thus, my government's efforts at a managed revival of the arrowroot industry in some geographical areas; its thrust towards a greater local value-added focus, for example, in the cassava factory, the root-crop vacuum packaging plant, and the coconut-water bottling plant; and its emphasis on agricultural diversification through the Agricultural Diversification Unit to facilitate production in poultry, root crops, fruits and vegetables, chicken, pigs, goats, and cattle.
2. The transformation of the rural economy demands, too, investment in other sectors, for example, commercial fishing and tourism. Thus, for example, the soon-to-be constructed EC \$37 million Fishing Complex at rural Owia, and tourism activities in several rural areas, including the on-going hotel project at Buccama and the prospective ones for Mt. Wynne/Peter's Hope, North Leeward, and North Windward.
3. The process of rural transformation is not, and cannot be, only economic. Other areas include: the Adult Literacy Crusade; the current improvement, and further planned improvement, in the sectors of education (including agricultural and skills education), health, housing, care for the elderly, sporting and cultural facilities, social security, disaster preparedness, transformation of the physical infrastructure, water, electricity, solid waste disposal, sewerage, the environment generally, and telecommunications.
4. The educational and social development of the rural folk becomes critical. Poverty reduction and social security measures are paramount in the transition for those who are adversely affected by modern globalisation and trade liberalisation. Preparation for alternative livelihoods for individuals and households are absolutely essential in the rural economy and the marginalised in the urban areas and in the Grenadines.

5. A rural transformation plan has to be accompanied necessarily by an urban development plan and a Grenadines development plan. Some not-too-dissimilar considerations arise in the urban areas and in the Grenadines for those adversely affected by the ill-winds of modern globalisation and trade liberalisation especially in the areas of education, training, poverty reduction, social security, housing, and alternative livelihoods.
6. The reduction of crime and criminal violence so as to ensure sustained civilised living and economic development.
7. The quickening of the pace or the enlargement of the process of strengthening the core of tried and tested values of our Caribbean civilisation (including its Vincentian component) and building a solid and extensive social capital accordingly.
8. An especial effort has to be made to slow the pace of trade liberalisation, particularly as regards bananas, so as to permit a sufficiency of time to make the requisite adjustments or transformation in the rural economy, and the marginalised sectors elsewhere. Clearly, abundant resources, material and personnel, are required to effect the necessary adjustment and transformation.
9. The deepening of the regional integration movement towards a CARICOM Single Market and Economy (CSME) calls for an urgent and prudent protection and development of the disadvantaged economies, sectors and regions (including St. Vincent and the Grenadines) as spelt out in Chapter VII of the Revised Treaty of Chaguaramas.
10. The deepening of regional integration through the Organisation of East Caribbean States (OECS), by way of an Economic Union, is necessary and desirable.
11. The fashioning of an appropriate foreign policy to leverage abundant benefits for St. Vincent and the Grenadines.

12. The laying of the basis, and more, in every material particular for the achievement of the aforementioned bundle of issues itemised in the section labeled "Introduction: The Quest" and the sixteen-point summary of the post-colonial economy outlined under the rubric "What Is A Post-Colonial Economy?"

A few other considerations regarding the transitional tasks, their achievement, and the process are worth reflecting upon.

First, because of a complex of factors including the relatively undeveloped and fluid nature of our country's social formations, the gubernatorial inheritance of the colonial state apparatus, the imperatives of popular democracy, and the relatively undeveloped character of our country's political economy generally, the modern democratic state has a critical role to play. In St. Vincent and the Grenadines, and the Caribbean generally, the democratic state has been a force for good; it cannot retreat in its mandate to do better. Thus, ideological hang-ups against a dominant role for the state in the economy or society are but philosophical smokescreens masking ignoble self-interests in the real world.

This, of course, is not a summons for an anachronistic commandist state which is at odds with the requisites of the transition or the post-colonial society/economy. But it cannot be a retreat into a minimalist state or a kind of glorified civil society entity. This matter cannot be addressed abstractly in any comprehensive approach to development. The old ideological divide between, for example, "markets" and "State" is false. The distinguished Nobel Prize Winner in Economics Professor Joseph Stiglitz, puts it well in his 2006 book, Making Globalization Work: The Next Steps to Global Justice:

"Markets are essential: Markets help allocate resources, ensuring that they are well deployed, which is especially important where resources are scarce. The comprehensive approach has involved strengthening markets, but equally important has been strengthening government and figuring out, for each country as it reaches each stage of development, what the right mix of government and market might be."

In our context in St. Vincent and the Grenadines, a workable and optimal economic/social/political partnership between the State the private sector and the cooperative/community sector is vital for our success. In its Election Manifesto of 2005, the Unity Labour Party (ULP) stated thus:

“The private, cooperative and state-economic sectors constitute the hubs of economic activity. The State is, and has been a force for good and cannot retreat from economic management and regulation and, in certain critical areas and circumstances, from economic ownership in practical, non-ideological terms. But the private sector has to be more activist in creating wealth as the central economic motor. The State is a willing partner always for the private and cooperative sectors”.

Secondly, and related to the role of the State in the transitional process and in the post-colonial economy/society, is the issue of political leadership, not simply in an individual sense but collectively. A clear-sighted, progressive and focused political leadership possessed of a vision, philosophy, policies and programmes as articulated here and who are in communion with the people is absolutely essential for the enterprise of completing the transitional tasks and building the modern, competitive, post-economy which is once national and regional. This leadership work takes place within the philosophical frame of a progressive social democracy applied to the conditions, and quest of our Caribbean civilisation and its national Vincentian component. Any other kind of leadership is fatal!

Thirdly, the people must be properly organised and educated politically for the extant and prospective tasks. The leadership is required not simply to instill but to draw out of the people that quality which is good and noble in them and sometimes to draw out that which the people do not as yet know that they possess. And the people must painstakingly prepare themselves and be prepared, in communion with their leaders, to carry forward the process of transformation in their interests. The leadership can do no more, in this context, than the socio-political forces permit them to do. But the leadership must be creative and innovative.

Fourthly, the on-going process of building a consensus in the society as to the way forward must be accelerated and strengthened. This consensus can only be properly constructed around a body of progressive ideas: Vision, philosophy, policy and programme. The notion of fashioning, in practical terms, a consensus based on 'an abstract "all-ah-we-ah-one" is doomed to failure. It is my view that backward elements must be defeated or isolated in the pursuance of a progressive, patriotic consensus. This is part-and-parcel of the current political battles and it goes beyond the partisan political divide. To be sure, competitive partisan politics complicate matters but we must see beyond the politically partisan.

The ULP government since 2001 has been seeking to build this progressive consensus. Evidence of it exists in the work of the National Economic and Social Development Council (NESDEC), in the Interim Poverty Reduction Strategy, in the Draft Social Contract, in the Draft Fiscal Covenant, in the Constitutional Reform Commission, and in the dozens of consultations on various areas of public policy. All this needs to be intensified and improved.

Fifthly, political alliances in the region and across the globe must be built between ourselves and like-minded parties, organisations, movements, and governments. This is vital for international solidarity and support. In this regard our diaspora in the Caribbean, North America and Britain is critical. Our diaspora is an integral part of our nation and very important to us on the external front.

And finally, there ought to be a general recognition that time is of the essence in rapidly modernising, improving, transforming the socio-economic and political systems so as to enhance markedly competitiveness, productivity, wealth creation, equity, the quality of life, efficiency, effectiveness, historical reclamation, cultural creativity, participatory democracy, and good governance!

SUMMATION

The building of a consensus for the construction of a modern, competitive post-colonial economy which is at once national and regional, is a national priority. Competitive politics of a partisan kind

ought not to undermine the quest for this consensus. Indeed, if certain political elites resist the building of this national consensus, it ought to be done over their heads and directly with the people. We seek not an unachievable unanimity but a workable consensus in the nation's interest. This consensus relates to the simultaneous completion of transitional tasks and the construction of the post-colonial economy and society.