

Keynote Speech: United States Policy Towards the Caribbean: A View from Washington

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PART VI. SYMPOSIUM: OVERVIEW OF US-CARIBBEAN ECONOMIC RELATIONS

UNITED STATES POLICY TOWARDS THE CARIBBEAN: A VIEW FROM WASHINGTON

*Sally A. Shelton**

With the coming of the Carter Administration, the U.S. approach to the Caribbean has entered a period of rapid and fundamental change. This change has occurred as we have begun to come to terms with the basic realities that confront us in the Caribbean — namely, its importance to us, its ideological diversity, its economic problems and the limitations of our own role in determining its future. Change has been difficult and will continue to be difficult because many of these realities pose hard choices and puzzling dilemmas for U.S. policymakers, for the American people and for the Caribbean societies themselves.

Tonight I would like to outline briefly the realities we have tried to come to terms with and the basic policy directions this Administration intends to take in dealing with them. Then, I would like to share with you some thoughts on the dilemmas we face in trying to develop a truly responsible and responsive approach to the Caribbean.

RECOGNIZING CARIBBEAN REALITIES

A look at the basic US-Caribbean facts of life as we have come to recognize them shows that first among these is the region's importance to our own nation. In a very real way we ourselves are a Caribbean nation. Our peoples' lives are deeply interwoven and so are our economies. The economic health of Caribbean societies is important to the economic health of our own society, not only in creating job opportunities for Caribbeans in their own communities, but in sustaining the substantial trade and investment relationships we enjoy with Caribbean nations. Together they buy twenty-five percent of their imports from the United States and sell us seventy percent of their exports. This amounts to an annual trade of over \$6 billion. Beyond this, United States enterprise has a multi-billion dollar investment in the future of Caribbean economies — for instance, over \$500 million in the Dominican Republic and over \$3 billion in the English-speaking Caribbean.

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But the stakes of our nation in the future of the Caribbean go beyond our economic interdependence. Because of our stake in a peaceful and friendly hemispheric community, we care about the region's prospects for *stable government and viable independence*. Because of our commitment to human rights, we care about the survival of democratic institutions and the meeting of basic needs in the nations of the Caribbean. Because of the close personal contacts among our people, growing out of tourism, migration and impact of Caribbean cultures on our own, we value our relationship and identify with Caribbean aspirations.

Recognizing the importance of the Caribbean to our own society in all these respects, the Carter Administration has moved to make the Caribbean a major, continuing and positive focus of our interest and attention. Too often in the past, United States interest in the Caribbean has been one-dimensional and, as a result, our attention has been sporadic or misdirected. In the fifties, we saw the area mainly through the eyes of our business investors and feared any change that might make their operations more difficult. In the sixties, we saw the Caribbean through the eyes of a superpower and feared any change that might make the area a staging ground for a hostile foreign power. In the early seventies, in the absence of fears, we seldom focused our eyes on the Caribbean to any meaningful degree.

Today we are trying to see the Caribbean nations for what they are — diverse, dynamic individual societies with important concerns and priorities of their own with whom we share many values and traditions and whose lives and future, for better or worse, will directly affect our own people.

This vision forms the foundation for U.S. policy toward the Caribbean under this Administration. In terms of long-range goals, the type of Caribbean future to which we in the United States would like to contribute is clear. We would like to see the region's peace preserved and cooperative relations developed among all the states of the Caribbean Basin. We would like to see the democratic traditions of respect for human rights and participatory politics that exist in many Caribbean states preserved and strengthened and to be emulated wherever human rights violations remain a problem. We would like to see the human resources of all Caribbean nations fully tapped through reduced unemployment, sustained economic growth and the channeling of industry and tourism along lines that serve the goals and respect the cultures of the peoples involved.

These goals, I am confident, are widely shared among all Caribbean peoples. Our own role must necessarily be a minor one compared to the roles of the Caribbean peoples themselves. The major responsibility is

theirs. Our present policy is designed to support them in that effort. We intend to be supportive in a number of specific ways:

First, we are making a strong effort to improve our relations at all levels with each and every individual country in the area. With most governments, we already have friendly ties. With them, we are working to cooperate and consult more closely and to be more responsive to their concerns and perspectives. We recognize that Caribbean nations, in their drives for national autonomy and economic development, have chosen a wide variety of economic, social and political approaches, some of which are very different from our own. We respect that diversity.

We have reversed a serious deterioration in United States relations with Jamaica and Guyana which had sprung in part from some unfounded suspicions and accusations on their part, but also our own inability or unwillingness to concern ourselves with their problems in the framework of their own goals and priorities. Because we have now overcome that barrier, we are able to deal today with a Jamaica and a Guyana whose economic structure may be different from our own but whose political relations with Washington are excellent.

In an even more dramatic reversal, we have ended sixteen years of silence with our nearest, though most ideologically distant, Caribbean neighbor — Cuba. We are beginning to face the reality of Cuba — that it exists, that it is part of the Caribbean, that it is here to stay and that its existence does not directly threaten us. We have recognized the obvious fact that none of our problems with Cuba can be solved or even addressed by not speaking to one another. As a result, we have been able to reach agreement in specific areas where we have mutual interests, notably the defining of maritime boundaries and fishery rights while establishing a framework in which to address the broader and far more serious issues where we disagree. Some progress has been made but difficult problems remain. Cuba's continuing role in Africa has made continued progress difficult. But our establishment of interest sections in each other's capital represents an important step toward what we view as a long and difficult but ultimately necessary process of normalizing our relations.

Secondly, we are committed to supporting strengthened cooperation among the Caribbean states themselves. In the Caribbean, the whole is more than the sum of its parts. So long as its peoples remain isolated from each other, instability and dependence on others are likely to persist. The resources of the area will be used inefficiently and political and social energies will be dissipated. A Caribbean dedicated to cooperation in improving the conditions of its peoples and exerting leadership on a broad stage will not necessarily always be a Caribbean that is automatically in tune with every aspect of United States policy, but it will be a stronger and healthier region and an even better neighbor.

We recognize the limited extent to which our own actions can determine the future of the Caribbean. The defining of social and political priorities, the development of institutions, the management of economic planning — all these must come from within the individual societies that make up the region. The days of U.S. government intervention in the internal politics and economics of Caribbean nations are over.

If Caribbean societies are to be truly independent of external control, however, they need more than formal independence and freedom from big power intervention. They need to overcome the dependency that comes from their own disunity in trade, in planning and in allocation of resources. They need to overcome the dependency that comes from their own internal need for better communication, for bureaucratic efficiency, for fiscal management and for forward-looking policies. They need, as we do, to overcome the dependence we all feel at the hands of external economic forces, such as oil, prices, inflation and fluctuating commodity prices, which can only be overcome by working out global solutions to global problems.

Finally, we are committed to the responsible role of cooperating with other nations and in helping them to meet the critical economic challenges the region faces. Caribbean economic health is our concern. We believe that the primary responsibility for economic development belongs to the people of each individual Caribbean nation and their leaders. But we also recognize that their efforts cannot be successful without the transfer of outside technological assistance, investment capital and other resources to match the human resources that Caribbean nations have in abundance.

We intend to do our share. I am talking not only of bilateral or multilateral assistance made available at the governmental level, but also — and perhaps more importantly in the long run — trade policies that give Caribbean industries the market access they need to grow; commodity policies that give Caribbean societies a fair price for their natural resources; and encouragement of private investment initiatives and approaches that support Caribbean development goals.

Because we have recognized both the need for us to cooperate in resolving Caribbean economic needs and to do so in a regional framework, we have been able to participate in a major breakthrough in the effort to attack the problem on a truly multilateral basis. Last year, a group of Caribbean nations and their major partners outside the region agreed to work together for Caribbean economic and social development and growth. In December, representatives of some thirty governments and fifteen international institutions met in Washington under the auspices of the World Bank to launch a new "Caribbean group for cooperation in economic development." The group's first plenary meeting

is scheduled for early June. The sponsoring financial institutions (the World Bank, the IMF, the IDB and the Caribbean Development Bank), as well as the individual nations, are now preparing concrete proposals for consideration and decision at that meeting.

The ultimate success and impact of this latest development will depend on two major, and frankly uncertain, variables: the ability of the Caribbean nations to overcome differences among themselves and work together, and the ability of the industrialized nations, including our own, to come up with the needed resources. Even with these uncertainties in mind, however, this effort marks a major step forward. It is the first time the various nations at both ends of the resource transfer pipeline have been able to get together to coordinate development assistance and planning on a multilateral, cooperative, comprehensive basis.

CARIBBEAN POLICY DILEMMAS

I would like to talk about just a few serious policymaking dilemmas: those arising out of Caribbean diversity and individuality, and those involved in our economic responsiveness and in pursuit of a long-term objective of Caribbean Basin cooperation.

First, we have to recognize the difficulty of achieving our primary objective of improving our relations with each Caribbean nation when the course that is wanted and expected of us differs so greatly from nation to nation. The reality of Caribbean diversity and individuality means more than just a rich cultural variety for tourists or social scientists to explore. It also means profound differences among Caribbean governments in terms of political and economic interests, foreign policy objectives, priorities in their relations with the United States and approaches to Caribbean development.

These differences are what anyone might expect among any group of sovereign nations. They do, however, create some practical problems for U.S. relations. Our commitment to respect Caribbean diversity and individuality must mean at some point a willingness to accept the actual concerns and priorities of each nation in deciding which issues are important. Responding to the different, and sometimes conflicting, bilateral and multilateral agendas of the diverse nations of the Caribbean continues, therefore, to pose a very real dilemma in our effort to improve relations with all of them.

An ultimately more perplexing set of dilemmas confronts us in our efforts to make our policies responsive to Caribbean economic needs. The Department of State and AID believe that aid to middle-income countries, which most of those in the Caribbean are, is necessary and appropriate. The dilemma is how to divide the AID pie in such a manner as to be able to assist "the poorest of the poor" countries and, at the same time, to

assist as well the poorest people in those developing countries whose economies are somewhat advanced. In the Caribbean, only Haiti is among the "poorest of the poor" on a global scale.

Second, even if we assume that aid to middle-income developing countries is appropriate, there is a further dilemma that applies to Caribbean countries in particular: how to fashion a framework for economic cooperation that will promote and facilitate necessary cooperation and integration while preserving and ultimately strengthening the autonomy of participating nations.

Third, once we assume that aid to Caribbean development is appropriate and a workable framework for successful efforts toward that objective is possible at the Caribbean end, we face the practical difficulties of generating support for appropriate policies at the United States end. Nearly every policy device that might be harnessed to bring about a net transfer of resources to the Caribbean can also be attacked for denying the same resources to American citizens and communities. With drastic cutbacks in domestic programs, the concept of foreign assistance has become more unpopular than ever. This makes it difficult to obtain further funding not only for bilateral aid but for multilateral institutions as well. Beyond any commitment of public funds, many policies that would promote Caribbean development are seen by some as potentially taking jobs away from American workers. This applies to favorable trade policies, to open immigration and to policies that encourage United States firms to invest in the Caribbean. It even applies to decisions to maintain nonstrategic defense facilities abroad rather than transferring them back to the United States.

A particularly poignant illustration of the interplay of foreign and domestic economic policies can be seen in the case of Puerto Rico and the Virgin Islands. These are Caribbean societies with development needs typical of others in the region. Yet they are also part of the United States and its domestic economy. The result is that every change in our policy toward Caribbean imports, for instance of rum or sugar, has the potential effect of helping Caribbean communities on one side of the tariff barrier and hurting those on the other. Similar conflicts are involved in all our policy choices where U.S. jobs and foreign development hang in the balance.

Within the foreign policy sphere itself, another competing priority can be seen in the area of human rights policy. The application of human rights considerations to Caribbean cooperation serves to illustrate a dilemma we face in an even more difficult form elsewhere in the hemisphere. Some see our efforts to economically assist Haiti or to improve political relations with Cuba as tending to condone the practices we denounce. Others feel that our ability to influence the human rights

practices of a society increases substantially if we are able to find some basis for communication and cooperation at the governmental level.

This brings me to the most troubling of our economic policy dilemmas — resolving the conflict between expectations and performance. This Administration has focused considerable attention on the Caribbean. By sending high-level emissaries to visit Caribbean countries, by establishing a special inter-agency task force to address Caribbean problems, by our sponsorship of Caribbean conferences, by our key role in the convening of the multilateral Caribbean group and by the tenor of our public pronouncements, we have communicated to the people and leaders of the Caribbean a strong interest in their future. This apparent interest has created an upsurge of expectations within the Caribbean about the role the United States intends to play in Caribbean cooperation and development. One Caribbean leader has suggested that the industrialized nations would have to provide \$1 billion or more in outside capital in order to even make a dent in Caribbean development needs. For all the reasons I have discussed, there are serious questions about the ability of the United States government to deliver even on a modest scale.

A final set of dilemmas arises out of the conflicting Caribbean needs for cooperation and for autonomy. This shows itself at one level within the confines of the Caribbean itself. The kind of regional cooperation, planning and integration which nearly all participants acknowledge as necessary to achieve economies of scale and deal competitively with the outside world, represents, nevertheless, a very difficult step for many Caribbean nations.

But there is an even more basic tension between Caribbean autonomy and assistance from outside the region. It is the problem of dependence. Developing nations as sovereign states and proud peoples want to be free of domination by the industrialized nations, whether in the political sphere or in the sphere of private-sector economic relationships. At the same time, they need the capital, technology and cooperation only the industrialized nations can provide if they are to develop to the point where the long-term functional autonomy they seek will be possible. The dilemma becomes one of cooperating for long-term independence without creating debilitating dependency relationships in the short run.

Developing nations need to be sensitive to this balance in resisting the assumption that they are “winning” the North-South debate to the extent that they can persuade the United States or other developed nations to transfer more resources into their economies. The United States, in turn, needs to be sensitive to this balance in dealing with Caribbean nations which depend on us heavily. We will need a similar sensitivity as we develop closer ties of economic cooperation with nations like Jamaica and Guyana which have been outspoken advocates of

national autonomy in North-South economic relations and as we seek a basis for cooperating more closely with nations like Trinidad in our common efforts for Caribbean development.

CONCLUSION

This overview indicates some of the troubling issues we face in developing responsible and constructive relationships with the developing societies of the Caribbean. But we have demonstrated our readiness to work with others interested in the Caribbean to provide the resources necessary to bring about the region's economic development. At last December's World Bank Conference on Caribbean Development, we strongly supported the creation of a Caribbean group within the Bank through which donor and receiver nations can work together on the common problems of the region. We believe that this group, working in close cooperation and partnership with the Basin's states, will lead to greater regional cooperation, a more effective and rational use of development resources and the creation of new economic alternatives for the Caribbean.

Initially, the Caribbean group's greatest hopes for success may come in those areas where old regional fears and antagonisms are minimized. This could include such undramatic but potentially beneficial programs as communications, education, environmental protection and air/sea navigation. Through the creative application of modern technology, such as communications satellites, the twenty-five separate states and dependencies could begin to share and profit from one another's resources and ideas while at the same time gaining a greater appreciation for their commonalities. By this approach of dealing first with problems on which there can be general agreement, the Caribbean group can foster a spirit of cooperation and partnership on which more ambitious programs can be built.

The task ahead for the nations of the Caribbean as well as for ourselves and others interested in the growth of the region cannot be accomplished without tremendous effort on the part of the Caribbean people themselves. I am as confident that they are prepared to make that effort as I am that they can succeed with help and understanding from we who share their vision.