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The Caribbean Basin Initiative: A United States/Caribbean Trade Revival

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I. Introduction

The Caribbean Basin Initiative (CBI) is one of the Reagan Administration's major foreign economic directives, and yet the general public seems to know very little about it. The CBI is an innovative program in which American businesses set up operations through direct investment in Caribbean nations and export the products of these operations duty-free to the United States. This allows participating U.S. companies to not only boost their revenues and profits by taking advantage of the lower costs of Caribbean labor but also to meet the challenge of Japanese and European competition by offering lower-cost products. The CBI has the potential to aid Caribbean nations by providing many jobs, thereby reducing high unemployment rates and boosting their economies.

This paper provides an analytical overview of the CBI. The first parts of the paper will give a detailed economic background of the Caribbean and its relation to the United States. The paper will then discuss the rules and provisions of the CBI, and the final sections will evaluate the effects of the CBI on both the Caribbean and United States economies.

II. The Caribbean Economy in the 1980s

Since the penetration of European influence into the Caribbean some 300 years ago, Caribbean nations have tended towards social and economic fragmentation. This is a result of their longtime dependence on European "metropoles" (mother countries of colonies, such as France and England). The exclusive nature of this relationship between a Caribbean colony and its metropole did not foster interdependence among Caribbean countries but rather caused fierce competition for resources, with one country often gaining at the expense of another (Palmer, p. 110).

The severity of this competition has greatly diminished in recent years, but Caribbean nations still remain largely dependent on metropole economies, even after becoming politically independent in the 1940s. During this period the United States economy expanded dramatic-
ally, encouraging multinational firms to invest heavily in Caribbean mineral industries. This surge in trade between the U.S. and Caribbean started the U.S. on its way to being a major trading partner with the Caribbean. However, the trade situation has only added to Caribbean dependency and has thus created additional difficulties for Caribbean economies (Palmer, p. 1).

A. Economic Problems of the Caribbean

One particularly serious problem is the two-way flow of capital between the U.S. and the Caribbean. An inward flow of debt and equity capital to the Caribbean has been financed largely by an outward flow of investment income from the Caribbean to the U.S. In effect, the typical Caribbean country is engaged in a cycle with the U.S. in which it in effect supplies much of the foreign capital which it receives (Palmer, p. 70).

Very little of this investment income has been reinvested in the Caribbean. For example, between 1966 and 1976, the U.S. repatriated 96% of total earnings ($865 million) from Jamaican industry leaving only 4% for Jamaica. This percentage is extremely low in comparison with the standard 31.5% of the U.S. foreign investment earnings reinvested in developing countries and the 53% reinvested in developed countries (Palmer, p. 71).

This small share of reinvested earnings is a serious problem because it does not provide Caribbean countries with the funds needed to service their government debt, funds which would enable them to reduce their dependency on the U.S. for debt capital.

A second way in which the Caribbean is dependent upon the U.S. is through its currency (Palmer, p. 49). Caribbean currency is directly tied to the U.S. dollar. Therefore, the Caribbean operates on a dual exchange-rate system. For example, the recent sharp increase in the value of the U.S. dollar against European currencies has made Caribbean exports to Europe more expensive and Caribbean imports from Europe cheaper. Thus trade prospects of the Caribbean economies are determined mainly by U.S. factors and not by their own circumstances.

Certain adverse developments in the world economy in the late 1970s have caused further problems for the Caribbean countries. The main sources of income for these nations are commodities such as sugar, bauxite, and coffee and tourism. However, the first three commodities are so tied to international markets that the Caribbean economies themselves have little control over pricing and demand. In the 1970s, the prices for these basic export crops, especially coffee, fell dramatically (Dam, 1983). In addition, the oil shocks of the 1970s not only raised energy costs but also sharply reduced the number of tourists because of higher air fares. Furthermore, the higher cost of capital which resulted from high real interest rates in the U.S. made borrowing very expensive and, in many cases, infeasible.

Although many of these problems have been alleviated by the world economic recovery of the 1980s, most Caribbean nations have experienced severe difficulties in making a full economic recovery.

Many Caribbean governments have responded too slowly and, in some cases, quite inappropriately to these problems. Some have, for example, implemented government controls on prices which have in turn hindered economic growth (Dam, 1983). Since market equilibrium prices have often been in excess of what the poorer classes can afford, the resort to such price controls on the part of governments has been increasingly common. The creation of controls has led to the establishment of bureaucracies to implement them—bureaucracies which consume limited administrative resources which might be better used for other purposes (Palmer, p. 60).

In addition to the problems caused by governmental controls, social and political conflicts have often led to instability and repression. The benefits of the Caribbean economic expansion of the 1960s and early 1970s were distributed inequitably across society but nevertheless caused generally rising aspirations which could not always be fulfilled. Pressures for broader political participation increased in
many countries, yet there were few democratic outlets through which these pressures could be relieved peacefully. For example, in Jamaica recent increases in the prices of gasoline, cooking gas, and electricity have led to widespread economic unrest. Economic-related crimes, such as robbery, are occurring more frequently, and reports of increased police brutality raise fears of further repression (Crosette, p. 58).

Still another problem which Caribbean nations face concerns employment. Chronic labor shortages exist in most of the skilled occupations and professions because of the heavy volume of migration to non-Caribbean nations (especially the United States). At the same time, there is widespread unemployment in the unskilled and semiskilled occupations because of industry's inability to absorb a large portion of this workforce (Palmer, p. 97).

Lastly, the problems of the region have been exacerbated by the occurrence of guerrilla warfare in nearby Central America. Particularly in El Salvador, guerrillas have caused disruptions in transportation and water supplies and have forced the closing of factories, the abandonment of farms, and the displacement of thousands of workers (Dam, 1983). This has tended to create a negative psychological climate, thus discouraging even further much needed foreign investment.

In sum, there is the serious question whether these small, relatively unindustrialized Caribbean nations can overcome such substantial economic and political problems and become independent and successful. Should they fail at this attempt, they are in very real danger of experiencing even greater political turmoil, as has already transpired in several Central American countries.

B. Caribbean Economic Strategies for Recovery

Caribbean leaders have of course recognized the dangers alluded to above and have been evaluating various economic remedies. One way in which some Caribbean countries have tried to improve their economic conditions and avoid the plight of many of their Central American neighbors is through soliciting direct investment by multinational firms. However, the Caribbean people have often expressed dissatisfaction with both the quality and quantity of multinational corporations' contributions to the social and economic development of the Caribbean under "traditional" ownership arrangements (Palmer, p. 7). For example, an exporting subsidiary has little, if any, control over prices. Royalties, licensing fees for technology, and interest charges on loans are determined by the parent firm and are often inflated to increase the cost of the subsidiary to the parent firm, thereby reducing the latter's tax liability. In general, the Caribbean peoples' past experience with multinational corporations has led them to fear the undermining of their sovereignty.

Another problem with investment arrangements of the past concerns the transfer of technology. Since the managerial and operational technology of the metropole country is often required of its foreign subsidiaries, a Caribbean country may have to invest tremendous amounts of capital to accommodate this technology (Palmer, p. 40). The upgrading of transportation and communications facilities is just one obvious example in this regard.

In order to deal more effectively with these problems, the Commonwealth Caribbean, an economic coalition of Caribbean countries, has been established. The Commonwealth has embraced two goals through which it hopes to improve the economic condition of the region. The first is to reduce the Caribbean's considerable dependence on the metropole countries. The second is to retain for local development a larger share of the economic surplus produced by locally-based foreign enterprises (Palmer, p. 6).

These goals can be attained in a number of possible suggested ways, one of which is the joint-venture approach. Joint ventures allow local companies a greater share in profits while enabling them to retain more effective control over the flow of capital, technology, management, and marketing to areas for development. Another solution which has been suggested is an increase in the number of state-controlled industries. This would have the advantage of
permitting a greater retention of profits for local and regional development; however, a movement to state controlled industry would also lead to an increase in bureaucracy, which might further inhibit economic growth (Palmer, p. 60). Also, transfer of control to local governments would not protect the Caribbean from the possible reactions on the part of metropole governments to protect their countries’ investments. A third solution—one which has received the most attention—is that of regional integration, a strategy which would unite all Caribbean nations through economic cooperation and cultural and diplomatic exchange. Regional integration could aid Caribbean countries by pooling resources, reducing duplication of economic activities, and decreasing competition for resources and trade.

Despite the feelings that over-reliance on metropoles has created many problems, it may still be the case that metropoles have an important role to play in the economic recovery of the Caribbean nations. This is due largely to the current trend for metropoles to set up manufacturing in third world countries because of the lower costs of labor. According to Kevin Power of the New York Times, fully 30% of the world’s manufactured goods will come from third world economies by the year 2000. This means that competition between these economies for a share in world trade will soon intensify. If Caribbean nations act soon to rebuild their economies and establish trade ties, they may have a chance to establish a competitive “edge” over other developing countries.

III. Importance Of The Caribbean To The U.S.

From the perspective of the United States, there are many reasons why the Caribbean is an attractive and practical place to invest. First of all, investing in the Caribbean can mean savings for U.S. companies because of the lower costs of labor there. The average minimum wage in the Caribbean as of 1983 is $4.2 per hour plus fringe benefits (Business America, 1983, p. 37). These labor costs are of course considerably lower than those in the U.S. and a potential source of cost savings which could be passed on to the U.S. consumer via lower prices. Setting up operations in the Caribbean as opposed to an overseas country in some other region of the world could also result in substantial transportation and communication savings because of the proximity of the Caribbean to the U.S. The combination of these two cost savings could thus enable U.S. firms to compete in the home market more effectively with Far East rivals.

Another substantial benefit of investing in the Caribbean Basin is the duty-free access to European markets which is provided by the Lome Convention Treaty. This treaty was signed by both the ten member-states of the European community and by twelve Caribbean nations (Antigua, the Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, St. Lucia, St. Vincent, Suriname, and Trinidad and Tobago). It provides duty-free access for Caribbean goods to both the U.S. and Europe (Bateman, p. 29).

Lastly, the U.S. government feels that the establishment of strong, friendly relationships with Caribbean countries is vital to the security of the United States, since about half of crude oil imports to the U.S. pass through the sea lanes of the Panama Canal. Several countries in the Caribbean Basin, such as Nicaragua, Grenada, Guatemala, and El Salvador, are currently undergoing considerable political unrest. This makes them particularly susceptible to Cuban, and hence communist, influence. Many U.S. policymakers feel that if the U.S. can establish an atmosphere of friendly economic interchange, the threat of communist influence and political unrest will be reduced (Dam, 1983).

Because increased competition from the Far East and the fear of Caribbean political unrest have renewed U.S. interest in doing business with the Caribbean, the Reagan administration in 1982 established the framework for the Caribbean Basin Initiative, a novel trade plan between American businesses and Carib-
bean countries. Following negotiations with Caribbean leaders and American labor and after eighteen months of debate and deliberation in Congress, the CBI was adopted and went into effect on January 1, 1984. Its major provisions will be summarized in the section which follows.


The essence of the CBI is the creation of one-way, duty-free access for the products of firms located in Caribbean nations to the United States market for a period of twelve years. This duty-free access provides the Caribbean participants with a relatively more receptive market in the U.S. for their goods since importing Caribbean products is made less expensive. Such access also helps participating U.S. companies to lower their costs, thereby strengthening their domestic market positions.

Most products exported from the Caribbean region are eligible for this duty-free treatment except for a few which, for various political reasons, have been excluded. Some of these products have been excluded to protect ailing American industries such as the textile, apparel, footwear and certain leather products industries. Petroleum and petroleum products are also excluded because of the excess capacity of domestic refineries and the United States' desire to reduce dependence on foreign oil. Sugar receives duty-free treatment, but only up to certain quota limits which were established to maintain the U.S. domestic sugar price support program. Yet another product excluded from duty-free treatment is tuna. This exclusion is designed to protect the interests of two American protectorates, Puerto Rico and American Samoa. The dropping of the current 35% tariff on tuna, the main export of these protectorates, would seriously harm their domestic industries.

The CBI has established many provisions to insure the adherence to its goals and to protect the rights of its participants. For example, to insure that the production of goods contributes to the revitalization of the Caribbean economies, several production requirements have been set. One such requirement is that a product must be imported directly from the beneficiary country. Another is that 35% of the labor performed on the product must be performed in the Caribbean. Also, 15% of the total value of the product must come from U.S.-made components. Furthermore, any product which contains foreign components must be transformed into a "new and different article of commerce" in at least one Caribbean country. (Report to the Committee on Ways and Means, 1983). To protect the competitive position of Puerto Rico and other U.S. insular possessions, the U.S. has increased the allowable percentage of foreign components in products shipped from these areas from the previous 50% to 70% of the total value of the article. Also, the amount of alcoholic beverages eligible to receive duty-free treatment to the U.S. from its insular possessions has been increased so that such beverages might be price-competitive with those exported duty-free from the Virgin Islands.

Many other provisions of the CBI have been established which are specifically designed to protect various domestic United States industries. For example, emergency relief provisions have been created to safeguard the U.S. agricultural industry against a possible sudden influx of agricultural imports from the Caribbean. These relief provisions would effectively allow the President to restore the original tariff until a remedy could be effected. If the President finds that imports of products are materially interfering with a domestic price support program, then he can also impose import fees of up to 50% on those products.

Yet another important provision of the CBI is an allowance for U.S. citizens to deduct from personal income taxes the expenses of attending business conventions held in participating Caribbean countries. This measure is designed to encourage U.S. firms to hold more conventions in the Caribbean, thus stimulating their tourist trade.

The CBI has established many guidelines for a Caribbean country's eligibility to participate. A CBI participant country must:

1) express desire to participate;
2) have economic, political, and social con-
ditions which are conducive to productivity and investment;
3) assure the United States that it will provide reasonable access to its markets and resources;
4) follow accepted international trading rules;
5) engage in trade policies with other CBI participants which contribute to revitalizing the region;
6) take self-help measures to foster economic development;
7) provide workers with reasonable workplace conditions;
8) have laws which provide effective means for foreign nations to secure intangible rights;
9) prohibit copyright infringement (Report to the Committee on Ways and Means, 1983).

In addition, a CBI participant country cannot:
1) be communist;
2) have seized, nationalized, or expropriated ownership or control of U.S. property;
3) fail to act in good faith towards awards in favor of a U.S. citizen;
4) give preferential treatment to products of developing countries other than those with which the U.S. is associated unless the President deems it not adverse to U.S. commerce;
5) violate U.S. copyrights;
6) be signatory to an agreement regarding the extradition of U.S. citizens (Report to the Committee on Ways and Means, 1983).

The President has the authority to suspend or withdraw a country's right to participate in this program if this country no longer meets the criteria of acceptance.

As of January 1, 1984, the majority of the eligible Caribbean countries have chosen to participate. Six other countries (Anguilla, Bahamas, Caymans, Guyana, and the Turks and Caicos) are eligible to participate but still have not elected to do so at the time of this writing.

Overall, the CBI is designed to achieve a variety of goals. Certainly the CBI can make available to the U.S. producers and consumers relatively inexpensive and competitively priced goods. But it is also expected to promote U.S. strategic and economic interests, primarily in the area of the Panama Canal, by securing “friendly” neighbors. The CBI is also an attempt to improve the economies of the Caribbean nations so as to alleviate the conditions which cause large numbers of people to immigrate from the Caribbean to the United States. Whether or not the CBI can achieve all these goals remains to be seen.

V. The Potential Effectiveness of the CBI

One potentially favorable effect of the CBI (provided that a sufficient number of U.S. companies participate) is the alleviation of some of the Caribbean’s labor problems. The CBI will cause a growth in the need for unskilled and semiskilled workers, thus reducing the substantial level of unemployment in these job categories. The CBI may not bring skilled workers who have already emigrated back to the Caribbean, but it should serve to discourage more from leaving by providing opportunities for workers to obtain managerial and administrative positions within U.S./Caribbean firms.

The CBI could also provide the opportunity for Caribbean countries to take advantage of the recovery of the U.S. economy. Several potentially profitable areas for promotion are electronics assembly, mining of marble and gypsum, light manufacturing, and winter vegetable production. As an illustration, if tomato growers in the Caribbean Basin can meet U.S. standards on packaging and pesticides, they could benefit greatly by duty-free export of tomatoes to the U.S. during January and February, when fresh tomatoes are unavailable in the U.S. (Kantor, 1982, p. 31).

Another way in which the CBI can provide substantial benefits to Caribbean countries is through the previously described convention tax provision. This provision could increase U.S. business travel in the region, thereby

1Antigua, Barbados, Belize, British Virgin Islands, Costa Rica, Dominica, the Dominican Republic, El Salvador, Grenada, Guatemala, Haiti, Honduras, Jamaica, Monserrat, the Netherlands Antilles, Panama, St. Christopher Nevis, St. Lucia, and Trinidad and Tobago.
stimulating tourism and the building of convention facilities, provided that the U.S. finances a large part of this upgrading. The Dominican Republic has already begun discussions with the U.S. in this regard, and several other countries have expressed an interest in doing the same.

Since the CBI has only been in effect for a little more than one year at the time of this writing, it is too soon to subject it to a definitive evaluation. So far, however, U.S. businesses do not seem to be as attracted by the duty-free treatment of many products as the U.S. government originally thought. This is due to the fact that approximately 3,000 products from the Caribbean and other developing countries around the world already receive duty-free treatment to the U.S. under the Generalized System of Preferences, an older U.S. trade program (Farnsworth, 1984, p. 1). What the CBI has done so far, however, is to revive U.S. interest in setting up operations in the Caribbean—an interest which seems to be stimulated primarily by the lower costs of unskilled and semi-skilled labor there. These lower labor costs, combined with duty-free access to the U.S. provided by the CBI, have the potential to yield great savings for U.S. companies. Already, Harowe Servo Controls, a maker of electronic motors, is saving an estimated $5,000 a month on imports of parts from St. Christopher and Nevis. MacGregor Sporting Goods projects savings of up to $150,000 in 1985 on Haitian-manufactured basketballs and softballs. These savings can enable small-to-medium-sized companies to make more competitive bids for their work and produce lower-priced goods.

As of May 1984, approximately a dozen U.S. companies were in the process of moving to the Caribbean, and hundreds more were in the process of deciding on potential projects. The job creation effects of such projects are substantial. Harowe claims to have employed 150 people in St. Christopher and Nevis and currently has plans to add 80 more. MacGregor Sporting Goods employs 200 workers to make basketballs in Haiti and plans to hire 800 more during 1985. In Grenada alone, fifteen U.S. firms are expected to invest $22.8 million in projects which will ultimately create about 1,600 jobs (Alm, 1984, p. 78).

Not all U.S. investment in the Caribbean is related to manufacturing. Many U.S. investment efforts are designed to pave the way for future investment. For example, InterNorth, Inc. has established the Applied Technology Center in Jamaica to help its clients determine the potential for investment projects, and Control Data Caribbean Basin will match U.S. companies with Caribbean companies in joint ventures for marketing American knowledge of small business, education and training, and small-scale agriculture (Alm, 1984, p. 78).

Increased U.S. participation in Caribbean industries has also led to a marked increase in exports to the U.S. According to the U.S. Commerce Department, Caribbean exports to the U.S. in January and February 1984 rose to $1.8 billion, a 35% increase over sales for the same period in 1983. Barbados, the Dominican Republic, and Jamaica have each shown export gains of 100% or more from 1983 to 1984 due in part to the CBI as well as to the United States economic recovery (Alm, 1984, p. 78).

VI. Objections To The CBI—Caribbean And U.S. Viewpoints

It is obvious from the discussion above that the CBI has achieved some positive results. But, as might be expected, it has not been without its problems.

From the U.S. viewpoint, the major objections to the CBI have come from the labor sector. Opponents of the CBI feel that American workers will lose jobs because of it. This fear has been so intense and pervasive that the products of several industries (apparel, textile, footwear, and leather) were excluded from the duty-free provisions of the CBI. Labor leaders have argued that the granting of duty-free treatment would endanger these already ailing industries. However, it should be noted that injured companies and workers are eligible for compensation through the provisions of the Trade Act of 1974. This Act specifies that if increased imports from the Caribbean are found to have injured U.S. industry, then the Presi-
dent may suspend or withdraw duty-free treat-
ment for those imports.

On the other hand, supporters of the CBI
have countered with the argument that many
operations which have moved to the Caribbean
would have moved anyway, if not to the Carib-
bean, then most likely to countries in the Far
East—countries which already present strong
competition for the U.S. Frederick Brooks, the
Chief Executive Officer of MacGregor Sporting
Goods, Inc., has said that the CBI was instru-
mental in encouraging MacGregor and other
baseball manufacturers to expand operations in
Haiti, rather than to pull out as they had initial-
ly planned to do in response to Asian competi-
tion (Lowenstein, 1984, p. 39). Supporters
have also argued that the CBI may even save
and create new American jobs. For example,
Harowe Servo Controls plans to add about 300
people to its West Chester, Pennsylvania as-
sembly plant to accommodate the increase in
demand for component parts because of its new
operation in the Caribbean (Farnsworth, 1984,
p. D1).

Apart from the objections of organized
labor, there is also the risk of a costly failure on
the part of U.S. companies which invest in the
Caribbean. Investing in a foreign country usu-
ally requires substantial capital expenditures
and also carries with it considerable risk since
the firm is operating in a different cultural,
economic, and political environment. This situa-
tion is an especially difficult one for firms inex-
perienced in international trade. To mitigate
these problems, the U.S. government has es-
tablished several services to aid U.S. businesses
in establishing successful operations in the
Caribbean. For example, the Department of
Commerce's Caribbean Basin Business Infor-
mation Center offers business counseling and
problem-solving services for U.S. companies. It
also operates a trade and investment informa-
tion data base and participates in the negotia-
tion of bilateral investment treaties to protect
U.S. investors' rights in the Caribbean. The
Overseas Private Investment Corporation is a
U.S. government-owned company which pro-
vides insurance for U.S. investors to cover
political risks, identifies investment opportun-
ities, helps appraise investment climates, and in
some cases even provides for financing. The
Agency for International Development (AID)
provides loans and grants to U.S. investing
companies and furnishes investors with the free
services of professional Caribbean investment
and importing specialists. The Caribbean Coun-
cil, a U.S. government service, fosters closer
American-Caribbean relations through com-
munications and technical assistance. These
organizations are only a few of those whose
purpose is to facilitate investment in the Carib-
bean by minimizing the risks involved. (CBI
Business Information Starter Kit, 1983).

From the standpoint of many Caribbean
spokespersons, however, on balance the posi-
tive effects of the CBI to date have not
been substantial. This has been due largely to
the severely depressed condition of many of the
Caribbean economies. As Bernardo Vega, a con-
sultant and former central bank governor in
the Dominican Republic, states: "Although the
CBI is an excellent plan, it has coincided with
the worst (Caribbean) economic crisis in 45
years; when we get out of these problems you
might see the effects of the CBI more quickly" (Lowenstein, 1984, p. 39).

The severity of the region's economic prob-
lems has in fact led many Caribbean govern-
ment officials to prefer receiving direct develop-
mental aid instead of attracting more invest-
ment. They feel that such aid would go further
to reindustrialize their economies and to pave
the way for future trading endeavors once their
domestic industries are strengthened. It is note-
worthy in this regard that many Caribbean
countries do not currently possess the neces-
sary infrastructure to accommodate the in-
crease in trade. According to Hugh Marshall,
an economic official in Antigua, before Antigua
can realistically attract investors, it needs first
to expand its telephone system, improve its
roads, and deepen its harbors. Such improve-
ments require direct development aid (Lowen-
stein, 1984, p. 39).

Another frequent Caribbean complaint
about the CBI pertains to its insistence on ide-
ological conformity, namely the exclusion of
communist/Marxist countries. It is alleged that
this tends to divide the region, effectively splitting the Commonwealth Caribbean States. Many Caribbean leaders feel that such divisions among Caribbean countries would weaken the progress toward regional unity for which Caribbean leaders have long been striving.

Lastly, many critics of the CBI are suspicious of what they perceive to be the real underlying goal of the CBI: the deterrence of communism in the region. They further allege that the current volume of U.S. aid to Caribbean nations is determined more by a country's proximity to a communist/Marxist country than by that nation's true economic needs. This allegation is supported by the fact that while U.S. aid to the region doubled from $336 million in 1980 to $881 million in 1984, most of this aid went to Honduras, El Salvador, and Costa Rica, all of which are located near Marxist Nicaragua. In fact, tiny Grenada has received the largest per capita aid of all countries in the region. All this has generated a fair degree of suspicion and hostility towards the U.S., an attitude which could serve to discourage Caribbean nations from embracing the CBI (Lowenstein, 1984, p. 39).

VII. Conclusion

In light of the discussion above, it is obvious that the Caribbean Basin Initiative should by no means be considered a panacea for the problems of the Caribbean economies. Nevertheless, it has the potential to succeed in many important ways. It may not have the power to deter communism in the region, and it alone may not salvage the economies of Caribbean nations as its sweeping goals suggest. However, it does possess the potential to achieve two important results—to provide cost savings for U.S. companies and to create jobs for Caribbean workers. Moreover, it does seem to have kindled a small but significant spark of American interest in doing business with Caribbean countries. Whether or not the CBI will be successful in achieving its goals over the long run depends upon the willingness of U.S. and Caribbean businesses to take further advantage of this opportunity.

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