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Towards a Strategy of Development for Antigua

by

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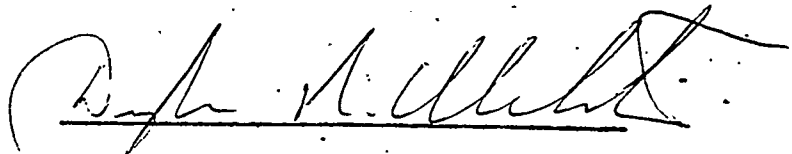
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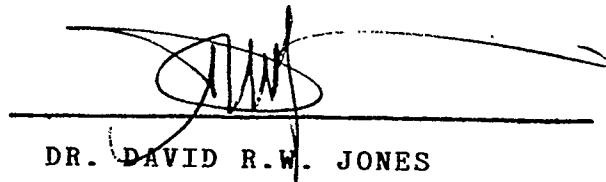
THE UNIVERSITY OF CALGARY
FACULTY OF ENVIRONMENTAL DESIGN

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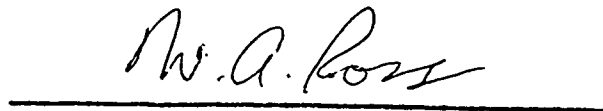
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Abstract
Towards a Strategy of Development for Antigua.

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Prepared in partial fulfillment of the requirements of the
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Supervisor: Dr. Douglas R. Webster

Date: September 23, 1986

This study focuses on three strategies of development, the Self-Reliance, Regional Integration, and Open Economy strategies, for Antigua, a small island nation in the Caribbean. A literature review of small nation development identifies the following key issues: the difficulty in achieving economies of scale, limited physical and human resources, trade dependency, the possibility of easier policy consensus, and closer relations between Government and people. The three strategies mentioned are considered in their abilities to overcome the difficulties and take advantage of the special conditions of small nations, and in achieving the developmental goals of the Government of Antigua. The analysis indicates that the Open Economy approach has the best possibility for rapid growth, but also increases the vulnerability of the Island to uncontrollable external forces. Regional Integration is shown to have had limited success in the Caribbean when tried in the form of the West Indian Federation, then CARIFTA, and finally CARICOM. The Self-Reliance strategy leads to slow economic growth, and limited and expensive goods, but best utilizes local resources, and promotes community development. It is recommended that the Open Economy strategy be followed if the Self-Reliance strategy is developed as a contingency strategy in the event of failure of the Open Economy approach. Recommendations are put forward for increasing co-ordination of the strategy formulation and implementation process, and specific recommendations are made for achieving the suggested strategy.

Key Words: Antigua, agriculture, Caribbean, CARICOM, CARIFTA, community development, dependency associated, economic development, planning, economies of scale, goals achievement, island nation, open economy, self-reliance, strategy, small nation, regional integration, resource development, trade, tourism

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Finally, I thank my wife, Sharon. Throughout the period of research and writing of this document Sharon provided invaluable assistance, suggestions, support, and through our long discussions of the subject sparked many thoughts.

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Chapter 1

Introduction

There are rapid structural changes occurring throughout the global economy. Changes in technology have increased the range of possible locations for a variety of industries, and have brought the Caribbean Region closer to the Eastern Seaboard of North America through jet travel and improved tele-communications. This has led to the growth of tourism in the West Indies.

The structural changes occurring globally have also led to increasing competition among countries for new industries and economic niches, as past economic activities become redundant, or countries discover that they can no longer compete on the basis of their traditional activities.

In the developed world the attractive white-collar, software, research and development jobs in high technology industries, are the major focus of this competition, although this competition also extends to primary products, as illustrated by the recent grain price war between the U.S.A. and the European Economic Community. The outcome of these competitions may well determine what economic roles countries will play in the twenty-first century.

This is also true of the developing world, and particularly true of small nations and the Caribbean in general. Over the past 25 years sugar has largely been replaced by tourism as the major economic activity on most islands, particularly the smaller ones such as Antigua and Barbuda; and recently light manufacturing industries, based on export to North America, have been gaining in significance. Overall, however, development in the Region has been slow, and governments are coming under increased pressure as the economic and social expectations of people in the Region increase, and possibilities of migration to developed countries such as England, U.S.A. and Canada continue to decrease. ¹

All islands have the potential for growth in the above mentioned sectors, and those which establish a lead in particular activities will probably maintain this position. In some islands such as Barbados, Government officials recognized early, the need for effective planning and strategy formulation as a means of identifying opportunities and efficient maximization of local resources, and thus developed their human resources. Today Barbados leads the Region in employment in high-tech activities such as data processing and electronic assembly. ²

1. Migration has decreased not only because of tougher immigration requirements, but also because of the need for a higher education or greater exposure to new technology if employment is to be found and the migrant make progress in the increasingly complex and competitive Western societies.

2. Barbados has been involved in development planning and strategy formulation since 1945, and published its first plan in 1952.

The focus of this study is to examine three general strategies of development, the Self-Reliance, Regional Integration, and Open Economy or Dependency-Associated Development strategies, and the problems, potentials and constraints which the twin Island state of Antigua and Barbuda must face in achieving their developmental goals.³

Global structural changes, the increasingly competitive world environment, and the limited resources available to a small island nation such as Antigua and Barbuda, make consideration of these development strategies and their possible impact crucial.

It is hoped that discussion of these three strategies, and recommendations as to particular strategy and implementation policies will assist local decision-makers presently considering the formulation of the first five-year plan since independence, which occurred in 1981.

The research for this project was carried out in the summer of 1985 as part of the Natural Resource Project being conducted by the Ministry of Agriculture, and the Organization of American States (OAS). My participation as researcher in the project was funded by the Canadian International Development Agency (C.I.D.A). While in Antigua I assisted the

3. Although the Island of Barbuda is part of the twin Island state of Antigua and Barbuda, this document deals only with the main Island of Antigua.

O.A.S in the human settlement study, completed an infrastructure study of most villages in Antigua, and had the opportunity to interview several Government officials, including the Minister of Economic Development, External Affairs, Tourism and Energy, the Honourable Lester Bird, and the Ministry of Agriculture, Lands and Fisheries, the Honourable Robin Yearwood. In addition, I conducted many informal interviews with villagers throughout the Island.

The results of much of this research are included in Chapter Two, on the discussion of present situations and trends. Chapter Three and Chapter Four analyze the evolution of thinking of Government leaders, academics, and bureaucrats to the present concerning the developmental potential and limitations of small island nations, particularly in the Caribbean, and discuss the three strategies. Chapter Four focuses on the case of Antigua, and each strategy is considered in terms of its potential effects on the developmental process. A discussion is also included as to the most appropriate strategy for Antigua and the strategy is chosen using a goals achievement matrix. It is argued that what might be needed is a combination of two strategies, with a clear recognition of which strategy is to be the leading strategy, and an understanding of the supportive relationship between the leading and the contingency strategy, in terms of

the ability to achieve the goals of the Government of Antigua and Barbuda.

Chapter Five describes the present planning and strategy formulation process, and makes specific policy recommendations designed to assist decision-makers in achieving strategy realization. Chapter Six discusses the possible effects of unforeseen events on the suggested strategy, and the need for consideration of these scenarios in plan and strategy formulation. Chapter Seven is the concluding chapter and contains a reflective discussion on the chosen strategy, and the need for Government commitment to planning.

While this work is a case study of strategy formulation, and the planning process of Antigua, it is hoped that the identification of potential opportunities, and the attendant strategy achievement recommendations will be useful to other small island nations facing the same global trends, and suffering from limited resources and narrowing market possibilities.

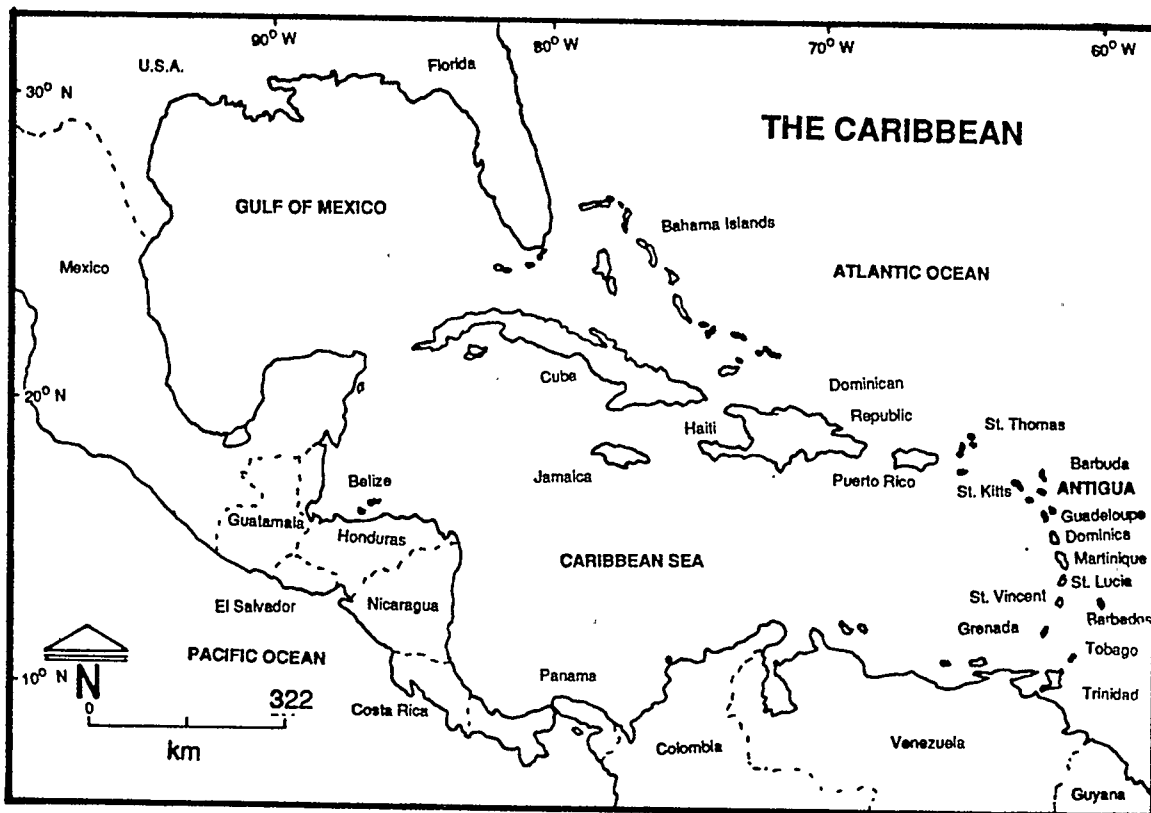
Chapter Two

Antigua: Present Situation and Trends

2.1 Background

Antigua is situated in the north of the Eastern Caribbean, $61^{\circ} 45'$ west longitude, and $17^{\circ} 5'$ north latitude. The land area is 280 square kilometers, approximately 24 kilometers long, east to west and 19 kilometers wide, north to south (See: Map Number 1).

Map1



SOURCE: P.I. Gomes, Rural Development in the Caribbean, 1985

The Island was discovered by Europeans on Columbus' second voyage in 1493, and at that time it was settled by Arawak Indians. The

Spanish never settled the Island, and the first European settlers were English who came in 1632, from a settlement in St. Kitts. The first crops were indigo and cotton, but these crops were soon replaced with sugarcane, and sugar production which brought slavery and the plantation economy to Antigua (Lanagham, 1884 [91]). ⁴

During the 1700's Antigua became an important naval and military base for the British, and was one of England's strongest fortresses in the Caribbean. The sugar economy continued to prosper, during this period of history and refining was carried out in Antigua using windmills which were located on individual plantations. A central sugar factory was established before 1900 and operated until 1960, when falling sugar prices and lack of water (due to years of drought) brought it to a close.

The Second World War brought an increase in American presence and influence, when the U.S. established a large airbase in Antigua. After the war the airfield, which was constructed for the airbase, became the gateway to the Caribbean for tourists. Before long range flights were possible, aircraft on their way further south stopped to refuel in Antigua.

4. The author of this early history of Antigua is uncertain. It is believed to be Mrs Lanagham, formerly Miss Flannigan, an English woman who married an Antiguan planter and migrated to Antigua in the early 1800s.

This form of travel and the fact that Antigua had the only international airfield in the eastern Caribbean, led to the growth of the tourist industry which by 1966, had replaced sugar as the main industry, and today remains the most important employer, and foreign exchange earner.

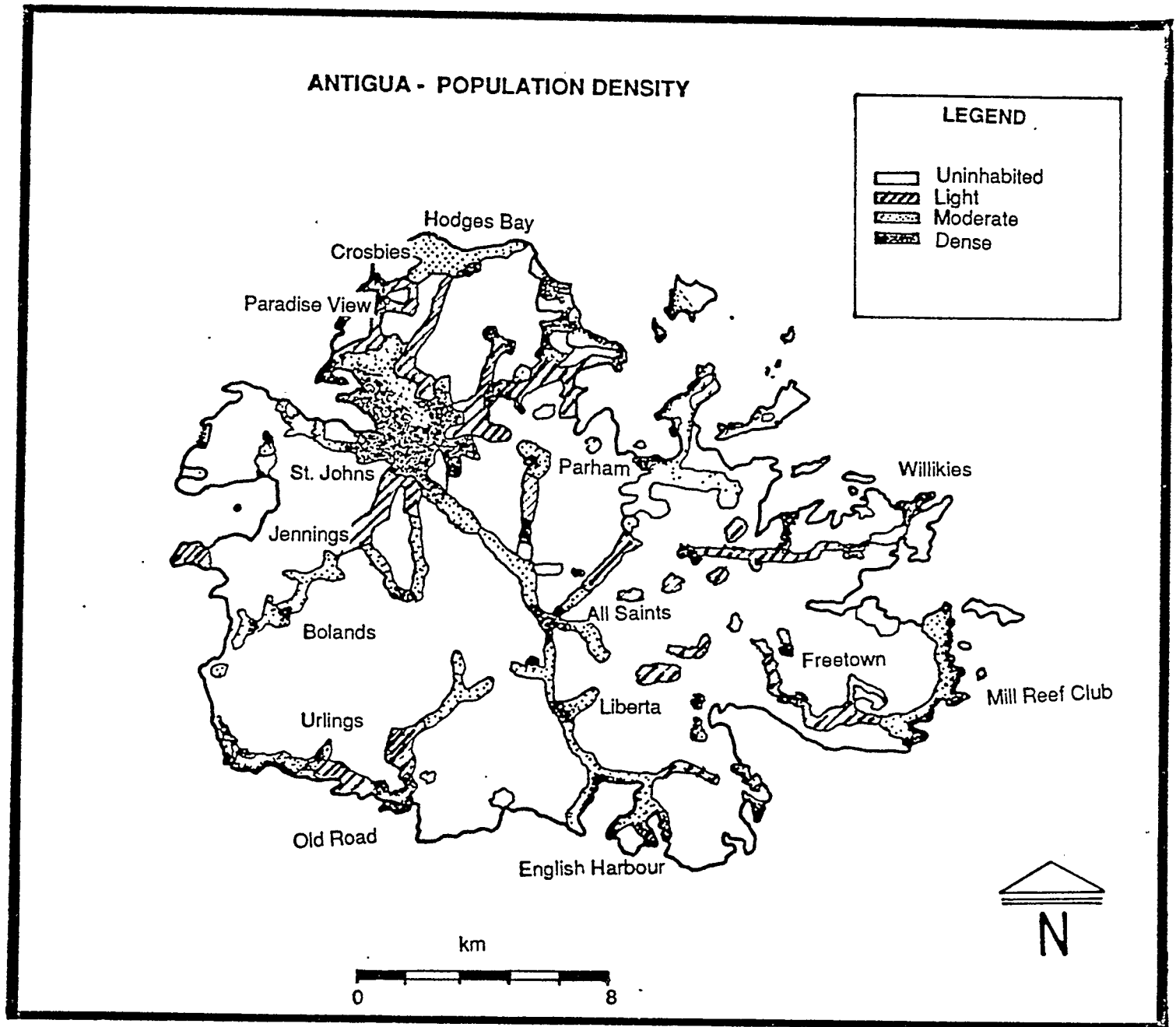
In 1967, Antigua became an associated state with Britain. Vere Cornwall Bird, leader of the first trade union, The Antigua Trade and Labour Movement, became the first Prime Minister of Antigua. The union split in 1967 and the Workers' Union was formed under George Walter. This union formed the Government after the 1971 elections, which it won, as the the Progressive Labour Movement. However, Mr Bird's political party, the Antigua Labour Party, regained power in the next election, and has since formed the Government.

2.2 Settlement Pattern

Antigua has a population of around 75,000-80,000, and after Grenada and St. Vincent, has the highest population density in the Eastern Caribbean Region.⁵ The only urban settlement in Antigua is the capital city of St. John's. Its population is approximately 37,000, which includes the peripheral areas of Potters, Golden Grove, and Yorks. The city is the centre of commerce, employment and services and is linked to other settlements by a radiating pattern of primary roads. There are three corridors of development: one in the south which runs along the road to Bolans and ends at Old Road, another in the north runs along the road which passes through the northern tip starting at the airport and ending in St. John's, and a third in the east is located along the road which runs from St. John's through the largest village of All Saints and ends at English Harbour (See: Map Number 2).

5. This is an estimation based on a study conducted by the Population Reference Bureau Washington, D.C. February, 1984 [22].

Map 2



Source: Ministry of Agriculture, Lands and Fisheries

The northern corridor has the highest density of hotels on the Island, as well as the wealthy subdivisions of Hodges Bay, Crosbies, and Paradise View. It is also the region in which the American naval and airforce bases are located. This region of the Island has experienced increased growth recently, as the subdivision of Crosbies, Paradise View and Hodges Bay continue to expand. This is partly due to growing tourist sector activity in this area and easier access to the city because of improved roads. In addition many non-residents, or expatriates, have recently bought land and built homes in this predominantly upper income area. Traditionally most of the expensive houses were built on hilltops and hillsides, but more of them are now being built on the flatlands, threatening agricultural activity around the few villages in this area.

English Harbour acts as the other economic pole or corridor. There are two major villages in this corridor: Liberta and All Saints. All Saints is the largest settlement outside of St. John's, with a population over 3,000, almost all of whom work in St. John's. This is true of most villages in Antigua; coastal hotels are another daily destination for many villagers.

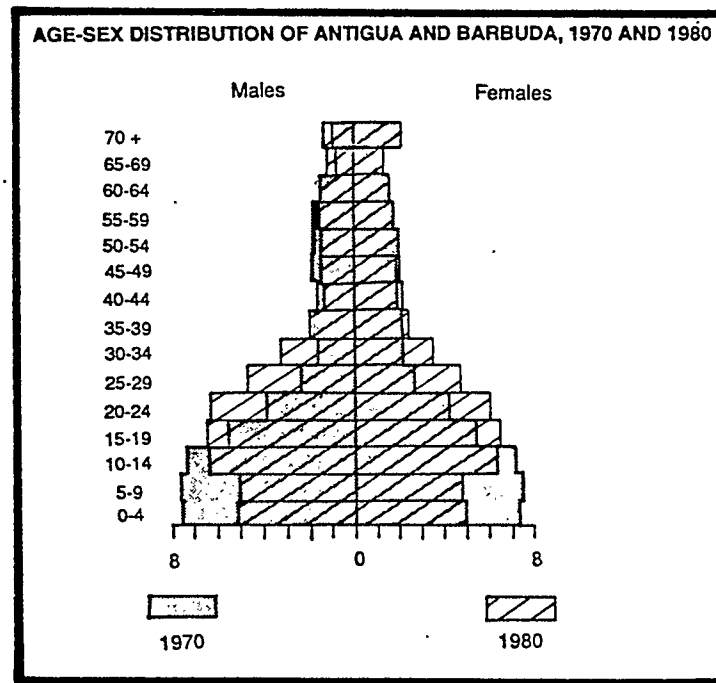
There are two major hotels along the corridor in the south, tourism being the major economic activity in this region. At one time this

was an important fishing and food growing region, but recently both of these activities have declined significantly. This is largely due to overfishing off this coast, and low rainfall, which has been an Island-wide problem. The population of this corridor is low and appears to be declining, and the only settlements of significant size in this area of the Island, are in the villages of Jennings and Bolans. The physical demographic size of many villages in the south appears to have been declining over the past few years, while St. John's and its peripheral communities have continued to grow. This seems to be in response to the increased centralization of economic activity in St John's, and the cost and difficulty of transportation, which is primarily car and bus.

2.3 Population

The population of Antigua has almost doubled over the last forty years, and both the crude birthrate and crude death rates have fallen steadily during this period. The annual rate of natural increase has also fallen from 2.2% in 1946 to 1.8% in 1978, and life expectancy has been increasing steadily. The rate of increase of school age children between ages of 9-15 has been decreasing, due to continued decline in the fertility rate, but absolute numbers continue to increase. The proportion of

Figure 2.1



SOURCE: Population Reference Bureau Washington D.C. U.S.A.

The base scale of the pyramid is numbered in thousands.

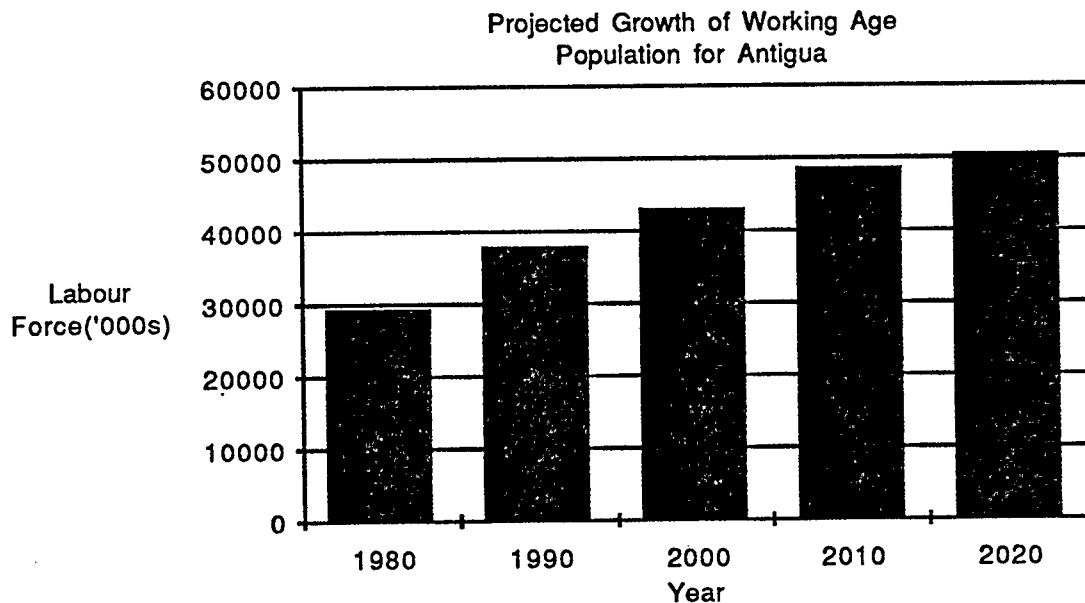
the elderly section of the population, sixty five years and over, will remain relatively the same until the year 2000. After this point it will begin to increase, almost doubling by 2020.

2.4 Labour Force and Employment

The labour force in Antigua ages 16 and over has been increasing (See Figure Number 2.1). The largest growth has been in the age groups between 19 - 35 years. This group has increased between 1970 and 1980 by about 30% to 40%. Today it is estimated at approximately 42% of the total population, or 35,000 people (See Figure Number 2.2). At the present rate of

growth an estimated 10,000 new jobs will have to be created by the year 2000 to maintain present unemployment levels, which currently stand at 20%.

Figure 2.2



Source: Bouvier, Leon F. Antigua and Barbuda. Yesterday, Today and Tomorrow. Washington: PBR Series [22].

The Antiguan labour force is relatively well educated compared to many developing countries, and the literacy rate for the population is over 80%. In 1970 80% of the workforce had completed only primary education and higher level skills and training were generally lacking, particularly in the managerial, technical, and business services sectors. While no data were available for 1985, the 1970 census data

shows clearly that these sectors have few trained personnel.⁶ This is a major weakness in the present labour force structure.

There is a minimum wage rate structure by sector. There are ten groups with minimum wages ranging from \$1.25 E.C. per hour for group one, to \$3.50 E.C. per hour for group 10. The job types are clearly specified, but some broad categories still exist within the listed job types, an example being, work in the manufacturing sector which appears as a specific wage category in both Group 10, and Group 5.⁷ It is not clear to what extent these minimum wage structures are enforced and, I was unable to obtain a definite statement on this issue from Government officials.

Only 66% of the total labour force in agriculture and tourism has employment for nine months or more during the year. In other sectors (manufacturing, retail etc.) the corresponding percentages were between 70% and 80%, with the exception of construction which was as low as 61%⁸. These figures may have changed dramatically, particularly in the tourist sector, as many hotels now remain open during the summer months (the off season), as the Government is attempting to reduce the seasonality of employment associated with the tourist industry.

6. See p 19 of 1970 Census, Antigua [55].

7. See p 54-55, Statistical Yearbook, 1983 Department of Statistics, Government of Antigua [60].

8. See p 80, UNDP Physical Plan, 1976, Antigua [158].

2.5 Economy

2.5.1 Overview

During the mid-1970's the Tourist Sector declined, mostly due to the North American recession. Since that time there has been a substantial increase in the number of visitors, both by air and cruiseship, and this sector along with the Service Sector in general, now accounts for close to 30% of the G.D.P.

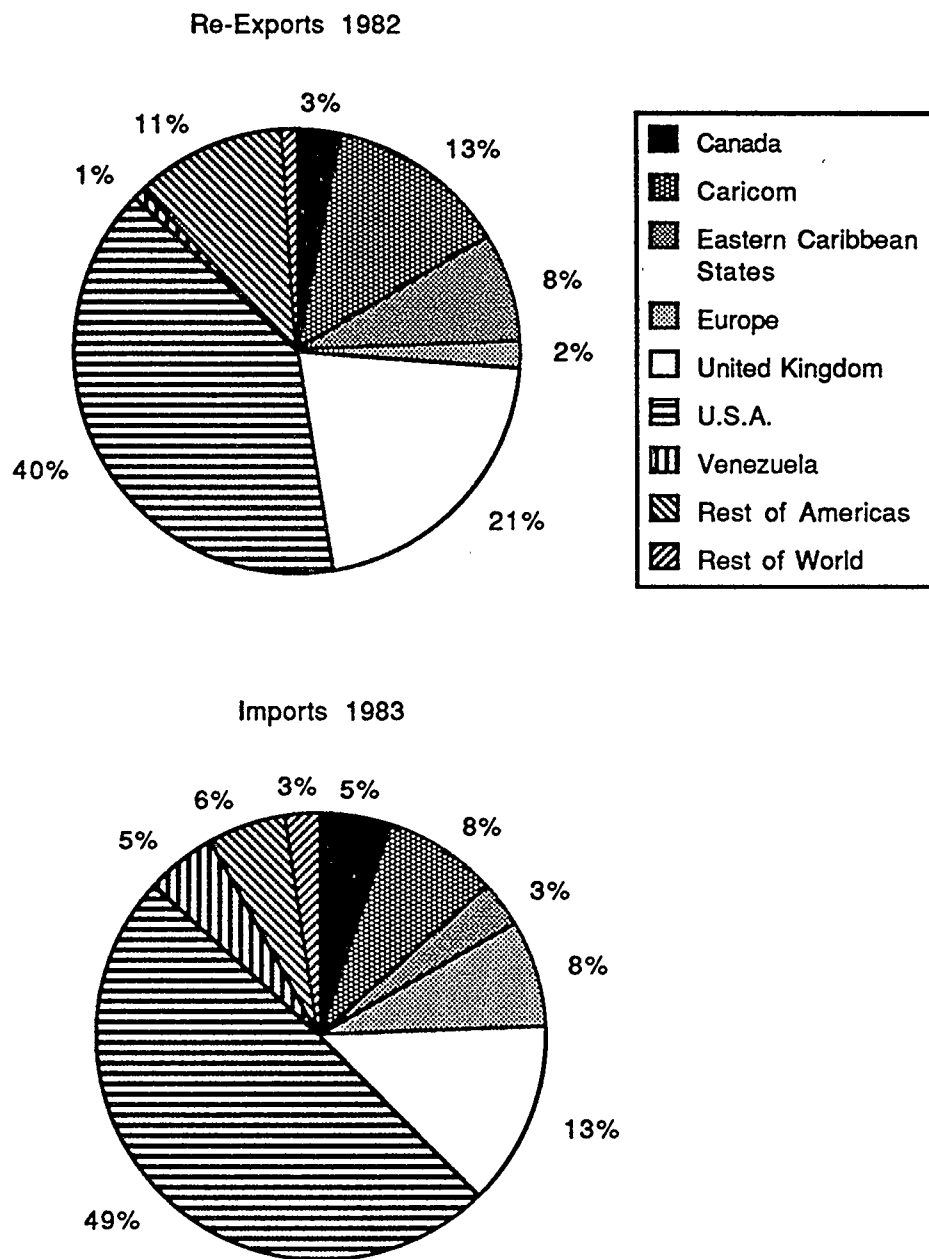
Agriculture has been in steady decline. In 1977 it accounted for 11.35% of the G.D.P., but in 1984 it only accounted for 4.73%. Crops had fallen from 2.55% of GDP in 1977 to 0.77% in 1984, while fishing had diminished from 5.09% in 1977 to 1.18% during the same period.

There was little change in manufacturing, which increased from 1977 to 1982, when it reached its highest level, accounting for 7.16% of the G.D.P.. Since then it has declined slightly to 6.55% of the G.D.P in 1984. (See Appendix Number 1). The major single import to Antigua is food: \$54 million E.C. in 1983, down from \$70 million E.C. in 1979. Antigua's major trading partner is the U.S. which supplied 49% of all imports to Antigua in 1983, comprising mostly of manufactured consumer goods, food, and in 1982 40.2% of re-exports from Antigua went to the U.S.⁹ (See Figure 2. 3).

9. Re-exports refer to industries which import components which are assembled and "re-exported".

Figure 2.3

Distribution of Trade Among Antigua's Major Trading Partners



Source: Adapted from the Government of Antigua. Statistical Yearbook, Ministry of Finance, 1983 [60].

2.5.2 Agriculture

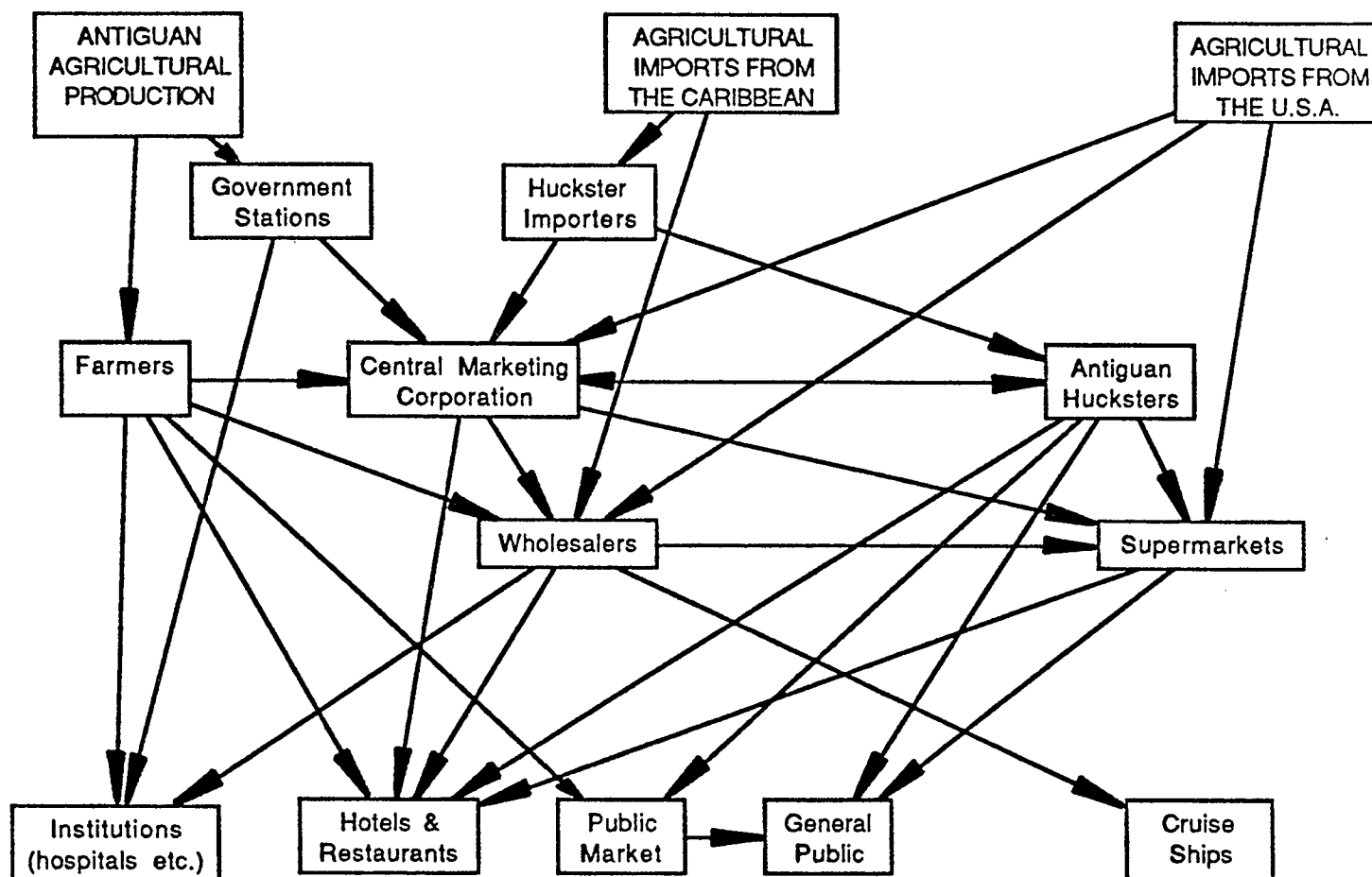
Of Antigua's 75,000 - 80,000 people, approximately 2,500 are directly involved in agriculture (roughly 10% of the Labour Force). The total land area presently in agricultural use is 6,910 hectares; 2,960 hectares are under crops, 950 are used for livestock , and only 340 are used for tree crops. A range of fruits and vegetables are imported and produced in Antigua (See Appendix Number 2). Agricultural exports totalled only 9 tonnes/ year in 1983.

The Government is involved in some produce production, but its major role is in marketing through the Central Marketing Corporation (CMC). The Government is also carrying out some experimentation with agro-industry; the preparation of jams from fruit, pickling vegetables, and the extraction of juice, concentrates and nectars from fruit. There is little or no private agro-industry in Antigua.

The Central Marketing Corporation is both an importer and a buyer of local produce and it also issues licenses for the importation of all fresh produce and has the responsibility of ensuring a market for locally grown produce. It is the sole importer of cabbage, carrots, onions, tomatoes, sweet peppers, rice and sugar. The overall goals of the CMC are unclear, but it would appear that protection of local farmers has priority over protection of the consumer from high prices (See Figure Number 2.4).

Figure 2.4

A Market Profile of Antigua



Source: Adapted from the Government of Dominica. A Market Profile of Antigua. Dominica Market Intelligence, 1985 [62].

There are three other major wholesalers in Antigua: Island Provision Ltd, Trans Caribbean Marketing, and People's Consumer Cooperative (PCC). These firms import fresh produce, eggs, vegetables and meat (usually from the U.S. and mostly for sale to the major hotels, and cruise ships). During the tourist

season Island Provision distributes between 4,500 - 6,800 kilograms per week, and PCC another 2,300 kilograms. Supermarkets also import directly from the U.S., but sell mostly to local residents. Some hotels also import directly, but this is not a common practice.

Shortages of a variety of foodstuffs, including rice, potatoes, and vegetables, are common in the Island. The wholesalers generally complain that the issuing of licenses by the CMC reduces their ability to meet demand. The CMC periodically will ban the importation of a particular item, when this can be bought from local producers, but its monitoring systems however, often does not indicate when the supply has been exhausted and this leads to shortages and higher prices.

Most farmers in Antigua have other sources of employment and income, as water shortages make farming a risky business. The Government's major roles in agricultural production are the provision of technical services and advice through its extension services, the dissemination of market information, the promotion of locally produced food stuffs, the improvement of plant varieties, and the delivery of veterinarian services.

The Government is also involved, in the raising and breeding of cattle, which has so far been quite successful. The overall policy is to

achieve self-sufficiency in beef, poultry, mutton (goats), lamb (sheep), pork and rabbit meat, but in the last few years livestock production as a percentage of the GDP has been declining. So far it would appear that the greatest success has been in the raising of cattle, and several locals have engaged in beef production to supply supermarkets and wholesalers. Other livestock production has been slow to develop. The local production of poultry has been inconsistent over the years, with several attempts by different local persons ending unsuccessfully. The major problem appears to be the inability to achieve economies of scale. There many goats scattered across the Island, but most of these are not raised in a professional farming sense, and are often left to graze and wander without restriction, which has led to the destruction of vegetation in several areas.

When the Government came to power in 1975, it tried to bring the sugar industry back into production. This was generally unsuccessful. The emphasis on sugar production appears to have slowed the growth of the food production sector. In addition, the lack of water (due to low rainfall during this period) discouraged agricultural production.

2.5.3 Fisheries

Fishing has been in decline over the last few years (See Appendix Number 1). The reasons for this are varied. There are two main fishing grounds off the coast of Antigua. One is to the south and south west of the Island, and the other is to the north and the north-east . The fishing grounds to the south and south west of the Island appear to have been largely depleted, by local overfishing and by increased fishing in these areas by foreign owned vessels (mainly the Japanese). This fishing ground is relatively close to Antigua, can be reached easily by small boats without modern equipment, and therefore is an important area for locals, particularly the traditional fishing villages in the south of the Island. The northern fishing grounds are farther away from the Island, in the Atlantic Ocean which generally requires fishermen to employ the use of more sophisticated equipment. This might be the reason why villages on this side of the Island were never very active in fishing.

There are a few locals who have invested in modern fishing boats and equipment which allows them to remain at sea for longer periods and which assist in locating fish. These persons have been fishing in the northern areas apparently with fairly good results. Generally, however, most local persons involved in fishing appear unable to compete with

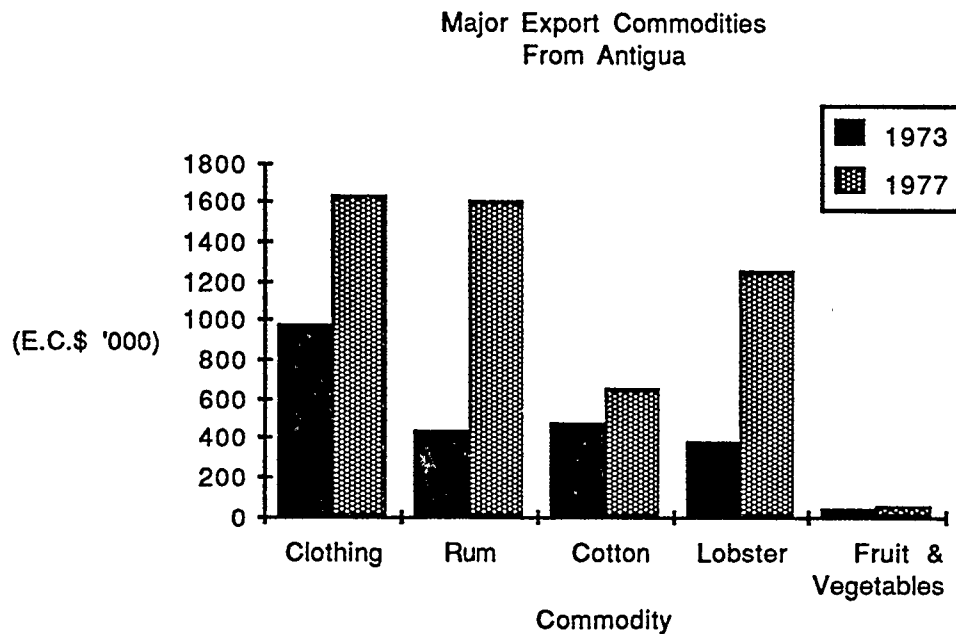
imported fish successfully, even though the price of fish is quite high due to the increasing demand by the hotels for fish and other seafoods. This high demand and low supply and therefore very high prices for seafood, makes it difficult for locals (most of whom enjoy seafoods) to include it in their diets.

2.5.4 Industry

Industrial and manufacturing activity in Antigua has been slowly increasing over the last few years. The U.S. Government's Caribbean Basin Initiative has encouraged some small industries to establish in Antigua. Before the oil shock of 1973, the largest industry was the oil refinery located at Friar's Hill. It employed about 300 people and produced about 20,000 barrels of oil per day. It is still in operation, but no longer exports. It is the sole supplier of gasoline and other oil products to the Island. The most important manufacturing operation in terms of exports is garment-making followed by rum distilling (See Figure 2.5). Most industries concentrate on one of three markets, the local market, the Caribbean Common Market countries, or the North American Market (mostly the U.S.). Several of the export base industries, e.g. garments, mattresses, and T.V.'s, are located in the industrial area near the airport. Many of

the industries only assemble imported components so that their parent companies may gain entrance to the Caribbean Common Market (CARICOM), or to take advantage of the low Caribbean Basin Initiative tariffs.

Figure 2.5



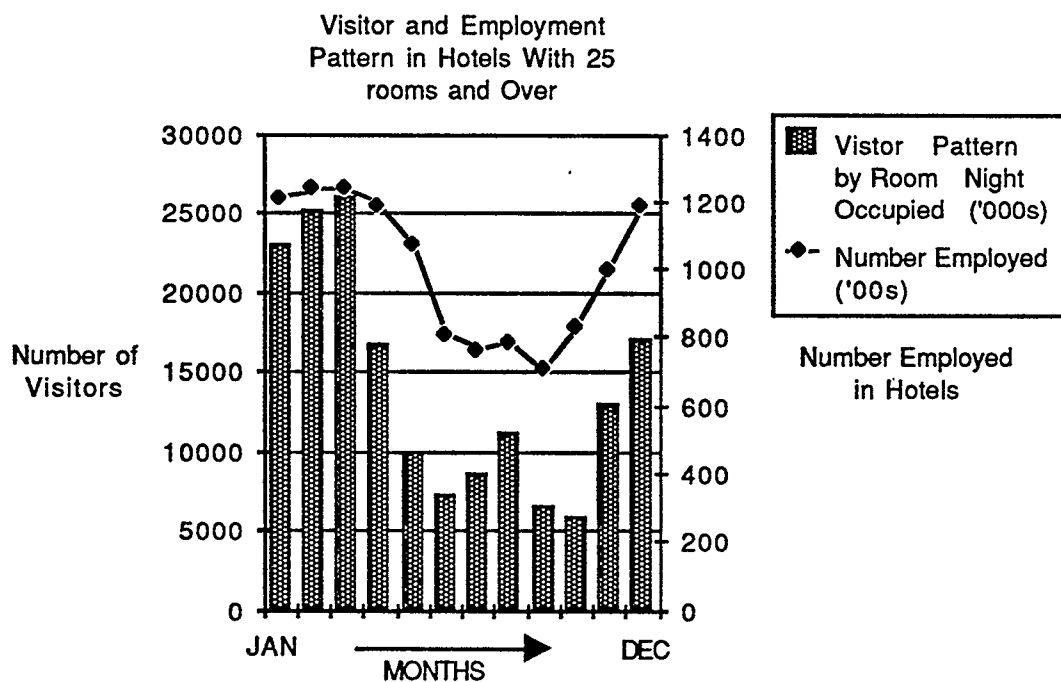
Source: Adapted from Seward and Spinrad, Tourism in the Caribbean: The Economic Impact, 1982

[142]

2.5.5 Tourism

This is the most important sector of the economy, and accounts for close to 30% of the G.D.P. directly and indirectly. The peak level of employment in this sector is around 3,000, and minimum employment is 1,500. Visitor arrivals tend to peak in December, January, and February, which are the months of highest employment in this sector (See Figure 2.6). Monthly wages at hotels average around \$600 E.C. per worker, and most of the tourists' expenditures are at hotels, which account for 60% of all tourist dollars. The major Government revenue sources from this industry

Figure 2.6

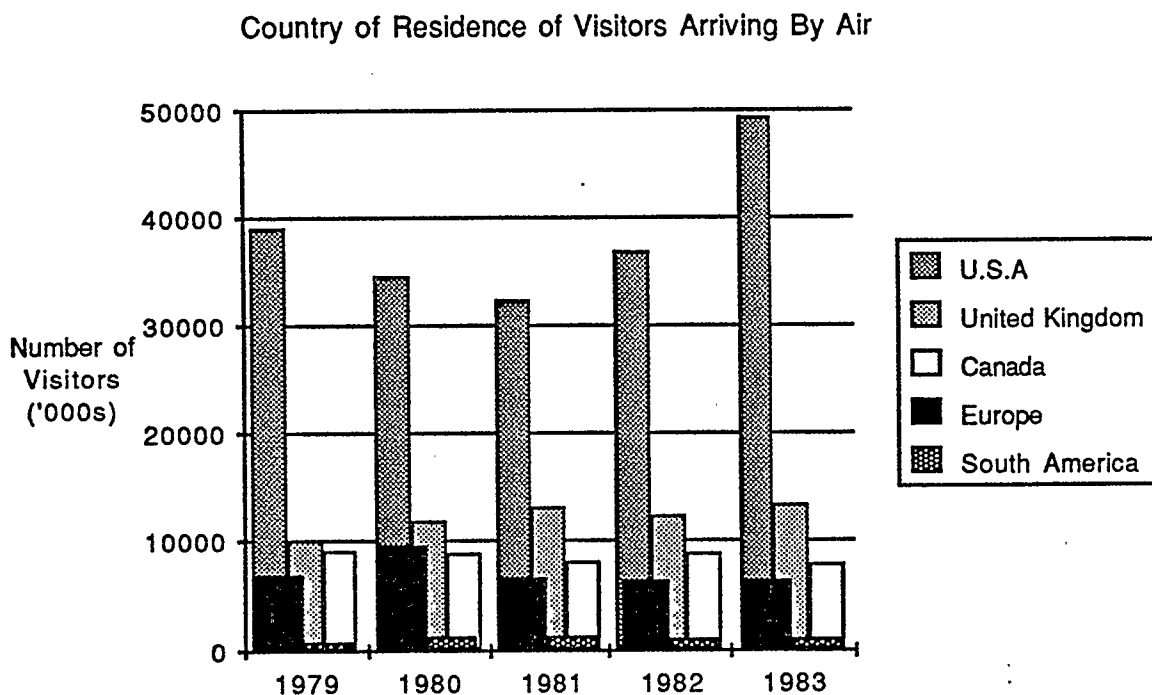


Source: Adapted from Seward and Spinrad, Tourism in the Caribbean: The Economic Impact, 1982

[142].

are hotel guest taxes, airport parking and landing fees, airport departure tax, hotel profit tax, casino licenses, car rental license fees, liquor licenses, and customs duties. The tourist trade has been growing quickly in the last few years, which seems to be partly because of a stronger American economy, and the perceived threat to Americans traveling in Europe. The majority of tourists arrive by air and are from North America, primarily the U.S. and tend to stay a little more than one week (See Figure 2.7).

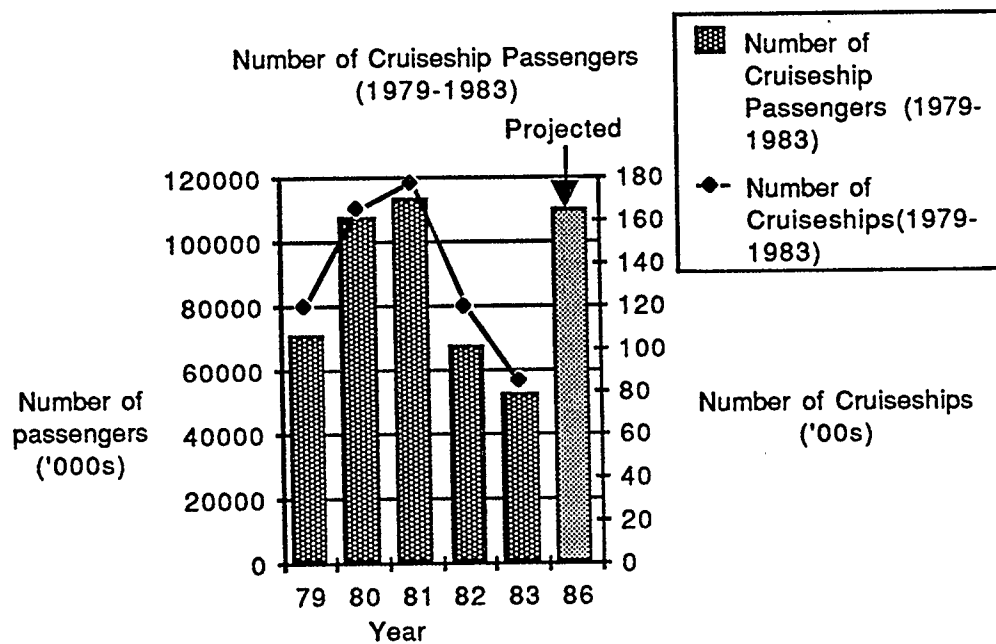
Figure 2.7



Source: Adapted Government of Antigua, Statistical Yearbook, Ministry of Finance, 1983 [60].

The cruise ship component of the industry was increasing up until 1981, after which there was a dramatic decline to 1983 (See Figure Number 2.8) The projected total for visitors arriving on cruise ships for 1986 is 110,000 .

Figure 2.8



Source: Adapted from Government of Antigua. Statistical Yearbook. Ministry of Finance, 1983 [60].

There are approximately 44 major hotels and 21 guest houses in Antigua. Hotels range in size from 11 to over 400 rooms, while guest houses are from 3-11 rooms in size. The majority of hotels in

Antigua are foreign owned, particularly the larger hotels, and there is a high leakage of tourist dollars which appears to be partly due to the large amount of foreign ownership in the industry, which leads to the repatriation of profits (See Appendix Number 3).

There are no laws governing the transmittal of profits from the Island. The reason for this seems to be fear of a general flight of foreign investment. Increasingly, ownership of hotel lands is foreign, and most of the large hotels are located on beach front property. Hotel incentives include 15-year tax holidays on land and profits. In addition the necessary infrastructure for the tourist industry, i.e. airports, water mains, telephone lines, electrical lines, etc. is largely supplied and maintained by Government, at favourable rates.

A range of activities are offered by hotels including gambling, discotheques, and water sports. There are two major events during the year which are primarily held to attract tourists to the Island in the summer months. They are the Sailing Week in May , and the Carnival which begins the last week of July and ends the second week of August. The Government is attempting to use the Sailing Week event as a means of making Antigua the water sports centre of the Caribbean, and there has been some discussion of attracting trade shows for water

sporting equipment and other items associated with water sports. Sailing Week has become a well established tradition, bringing yachts and visitors from around the globe for a week of races off the coast of Antigua. The benefits from this event are unclear, as most participants stay on board yachts which may be outfitted with supplies from elsewhere before arriving in Antigua. It does, however, provide the Island with tremendous exposure, as the event receives world wide coverage.

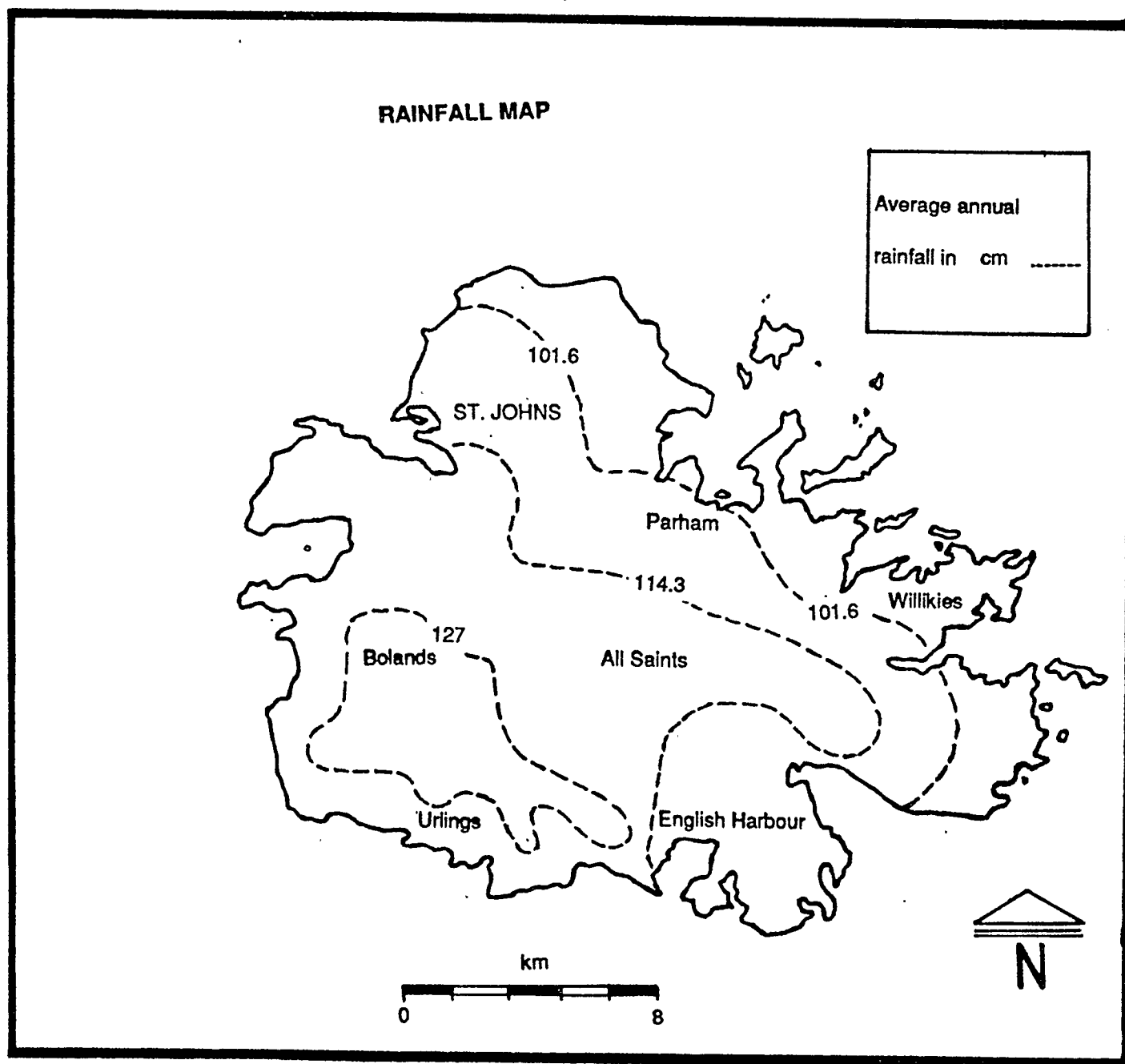
Carnival is an event which mostly attracts Antiguan living abroad and also draws visitors from the islands of the Eastern Caribbean. This event has given Antiguan experience in set design, costume and prop design, live entertainment production, and promotional skills. It is a major cultural event and is a show case for Antiguan artistry.

Other tourist attractions on the Island are the historical sites of Nelson's Dockyard in English Harbour, Fort James on the peninsula bordering the entrance to St. John's Harbour, Monk's Hill Fort, and many of the old plantation houses. Recently, with the assistance of C.I.D.A., the Government has established the English Harbour region as a National Park.

2.6 Water Supply

Rainfall averages 90 cm to 120 cm or 35 - 50 inches annually. There is lower rainfall in the eastern areas of the Island, it increases in the northern areas and is highest in the southwestern sector (See Map Number 3) .

Map 3



SOURCE: Ministry of Agriculture, Lands and Fisheries, Antigua

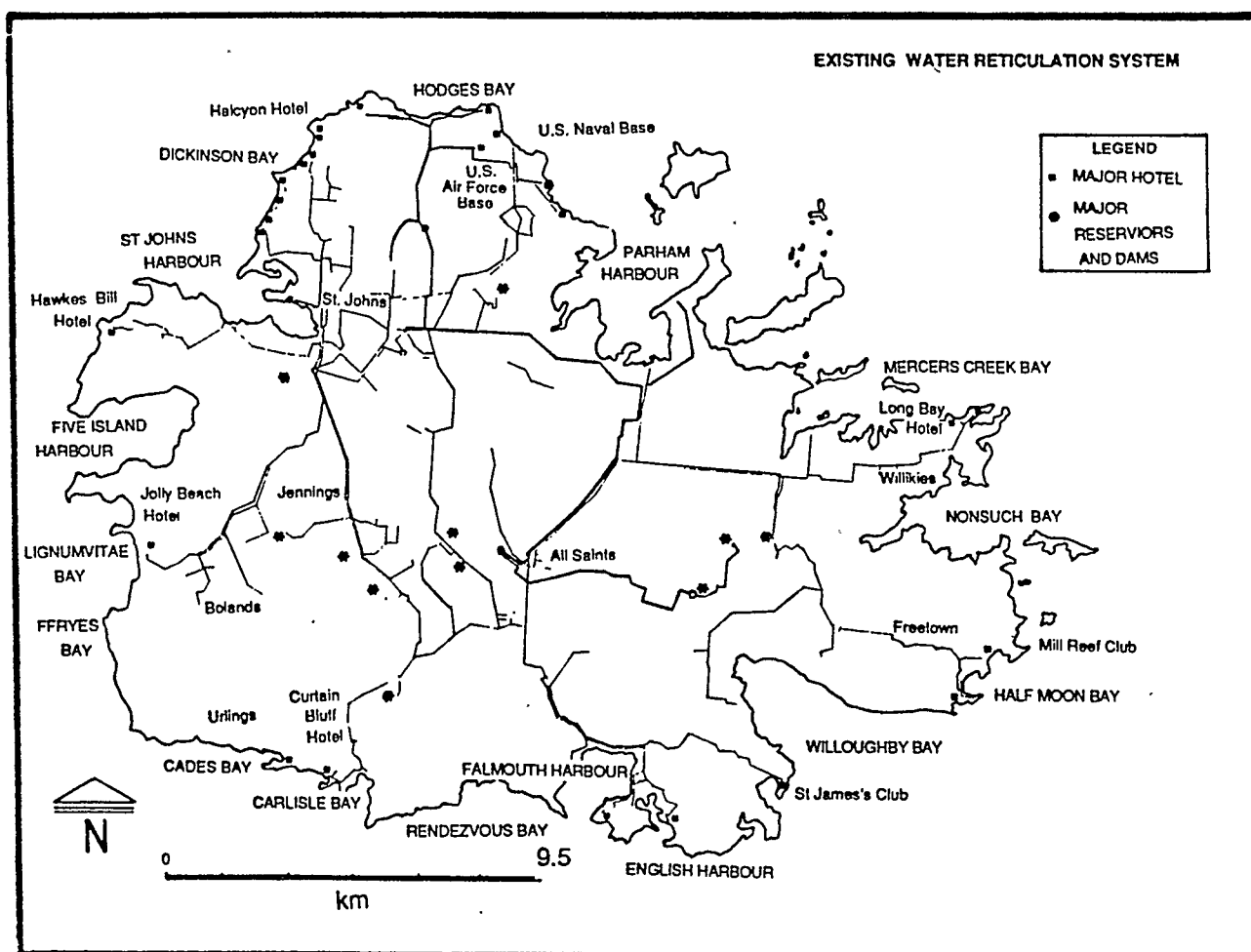
The dry season runs from January to April, and the wet season is from August to November. The latter months receive 45-50% of the annual rainfall. The months of May through July and the month of December are intermediate, receiving 30 - 35% of the annual rainfall. February is generally the driest month, and October is the wettest, and in some years March and April are wet months and August is dry.

The annual rainfall pattern is very conducive to tourism, as the Island is generally sunny and dry during the peak of the tourist season in January and February. However, the supply of water can present a problem, and several of the major hotels are now installing small desalination plants as a means of meeting the demand for water by tourists, which can be as high as 250 liters per day (l.p.d.) per tourist. Hotels also receive piped water from government mains, and some have their own catchments and cistern storage, which they mostly use for washing and watering of the grounds. In drought years many hotels buy barged water from the neighbouring islands of Monsserrat and Guadeloupe .

The Antigua Public Utilities Authority (APUA) is responsible for the development of natural water sources in Antigua, and generally water supply for non-agricultural usage takes precedence over agriculture use including water supplied to hotels, light industry,

domestic households, and airport facilities. The domestic consumption of water is estimated at 129 l.p.d. per person, much of which is met by household catchments and cisterns. The APUA also pumps water to all the villages and settlement areas of Antigua. This water comes from dams, ponds, and ground water (See Map Number 4).

Map 4



Source: Antigua Public Utilities Authority

There are over 500 ponds, mini-dams and dams in Antigua, most in the eastern area of the Island where the soil and geology are best suited to dam construction. The largest is Potworks dam in the eastern area with 11,277,600 cubic meters of storage capacity. This dam mostly serves St. John's and several surrounding villages.

The annual rainfall pattern is often not conducive to the production of vegetables; the major planting season is usually January, May and September which means that the months in which rainfall is crucial for crops are March, July and November. Often little rainfall is received during these months, and crops are lost. Almost half the total rainfall in Antigua is associated with storms, which means that there is a high potential for damaged crops and soil erosion, and this is another factor that inhibits crop production. The price for agricultural water is the same as for commercial use at the rate of \$4.57 E.C. per thousand liters (\$20.79 EC per thousand gallons). Domestic consumers pay \$2.60 for the first four thousand liters (\$12.0 E.C. for the first four thousand gallons) used.

2.7 Land Capability

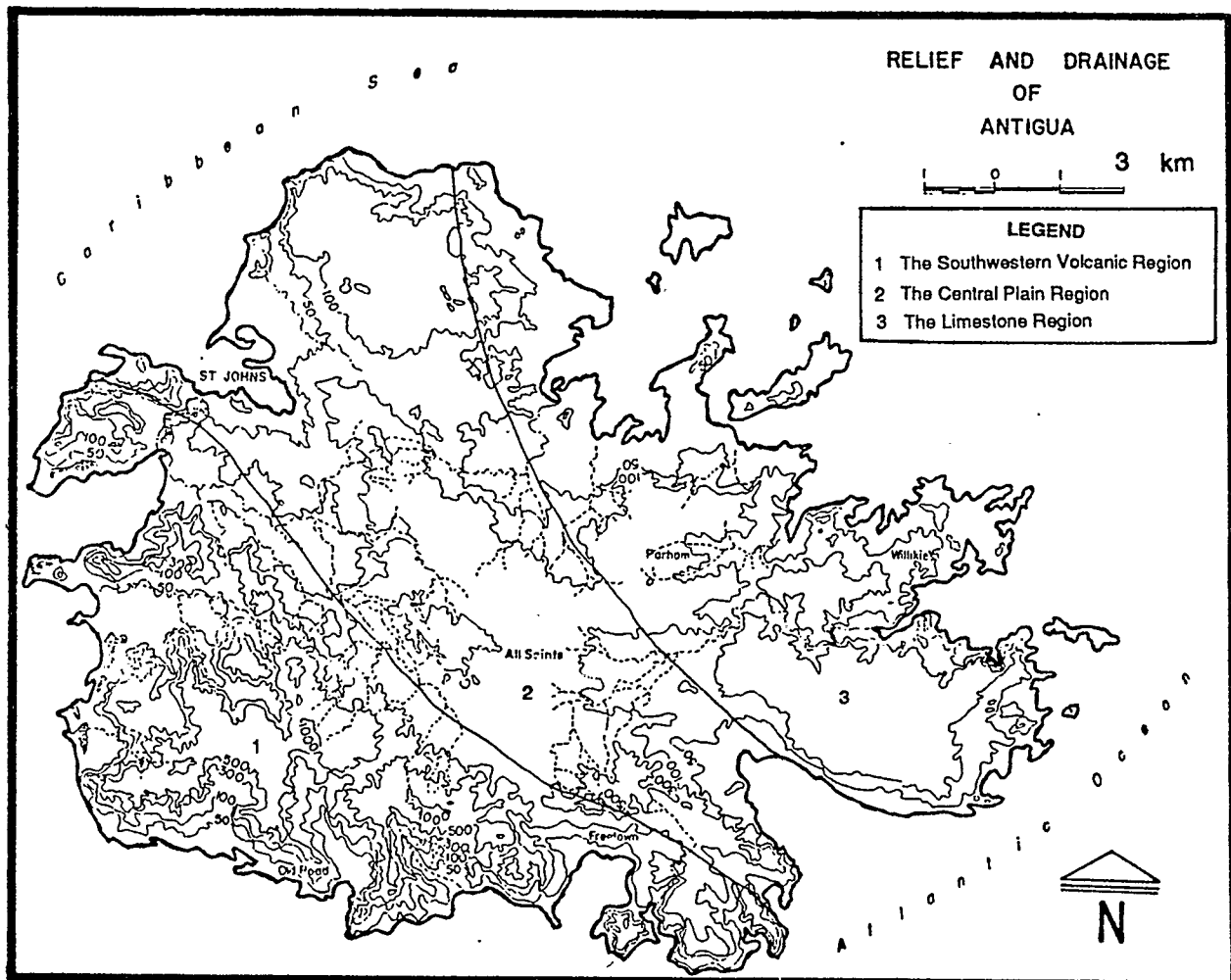
Antigua is relatively flat, with over 70% of the Island laying below 30 meter or 100 ft. The highest region is in the southwest, which has an area of hills in the 305 meter range. The highest point, Boggy Peak,

reaches 405.7 meters along the range of hills in the south western region.

There are three major geological and soil areas of the Island:

- 1) the south-western volcanic region;
- 2) the central plain region; and
- 3) the limestone region (See Map Number 5).

Map 5



Source: Ministry of Agriculture, Lands and Fisheries, Antigua

The volcanic region generally has steep slopes, shallow soils, and valleys with alluvial deposits. Antigua's best soils, Class II are found in these valleys. ¹⁰ The soil in this region can grow a variety of crops including sugar cane, vegetables, bananas, plantains, pineapple, sweet potato, mangoes, avocados, breadfruit and coconuts. The hillside soils, are poor, subject to erosion, and can only support tree crops.

The central plain region is comprised of a variety of soils ranging from Class III to V. In many places of this sector of the Island the soils are stony, shallow and subject to heavy erosion, are generally best suited for cane, cotton, pasture and some food and tree crops such as, mangoes, avocados, and breadfruit.

The soils of the limestone region are generally poor and fall into Class IV and V. The parent rock makes up over 50% of the surface of most of these soils and they are of low to medium fertility, and in many areas they have been damaged by years of sugarcane production. Crops produced on these soils are highly vulnerable to dry weather, and these soils can only support a narrow range of crops, including sugar cane and corn.

10. The Classification system used in Antigua is the same as that of the United States Department of Agriculture. For a further description of the classification system, soils and their crop growing potential see N. Ahmad, Land Capability of Antigua and Barbuda, 1984 [7].

The Government of Antigua owns approximately 60% of the land. This land can be leased for agricultural purposes and a lease can be for one to fifty years. If the amount of land leased is below 5 acres the cost ranges from EC \$3.50 to EC \$7.92 per acre per annum and if the lease is larger than 5 acres, the lease must be approved by cabinet, and the setting of the cost is determined on a case by case basis. The Government also sells land, and several Antiguan families have large land holdings. Sometimes the Government will give land to an Antiguan who has provided a meritorious service to the nation. Foreigners may also buy land in Antigua , and much of the good coastal land is in foreign ownership.

2.8 Sewerage

There is no sewerage system in Antigua. St. John's with approximately 37,000 people has no controlled sewerage system, and like the other settlements on the Island, depends on septic tanks. Soakways are presently used in villages in addition to septic tanks. As yet, this has not presented a major problem, but the potential for one increases as the population grows. The Organization of American States (O.A.S.) report on

water supply in Antigua indicates that ground water around St. John's is probably not suitable for human usage due to contamination from septic tanks and soakways. ¹¹

2.9 Solid Waste Disposal

There is a bi-weekly garbage collection and disposal service in St. John's and in several of the villages on the Island. There are three major dumpsites, one on the way to Five Islands, one near Granvilles in the east, and another in the North between Cedar Grove and New Winthropes. However, some garbage is often dumped at random and some indiscriminately at sites close to smaller villages. Generally, solid waste disposal is an increasing problem on the Island, and one that could have serious environmental, health and economic consequences.

2.10. Electricity

Power in Antigua is generated by diesel generators located at Crabb's Peninsula, Cassada Gardens, and Friar's Hill. The growth rate of power consumption is about 9 % per annum. There are frequent power

11. For a detailed discussion on water supply in Antigua and Barbuda, see W.D.Jules McMillan, Evaluation of Water Supplies in Antigua and Barbuda, O.A.S. Department of Regional Development, June, 1985 [106].

shortages resulting in power cuts. On some occasions, the Government will make radio and television announcements indicating when and which areas will be cut off. The inability to supply constant power has serious implications for industrial development and manufacturing, particularly in the high technology sector. At the moment there is some experimentation taking place with alternative energy sources such as wind generation, but there is little indication as to the results (See Appendix Number 4).

2.11. Telephones

The telephone system is quite good in Antigua. Incoming and outgoing calls, both locally and internationally, can be made directly, usually without great difficulty. While there is still a waiting period for residential phones, business can generally receive phone service with little difficulty (See Appendix Number 5).

Telecommunications has been a major focus of the Government's development policy. There seems to be a clear recognition of the importance of communication linkages with the larger world economic environment.

2.12. Social Infrastructure

All of the major services, such as banking, hospital, technical college, fire services, Government offices, travel agencies and airline services, the market and agricultural supply facilities, are located in St. John's. Public facilities such as post offices, churches, retail shops supermarkets, police stations and health clinics are sparsely distributed in the villages outside the St. John's area. This situation has accentuated the growth of St. John's. The consumer in the village clearly pays a higher price for most services due to transportation costs, which were \$.11 EC/km in 1975, and are now approximately \$.46/km. Time spent in travel also increases the cost of goods and services to villagers.

2.13. Air Transport

Antigua's Vere Bird Airport remains one of the major international airports in the Region. The new terminal, built by the Canadian International Development Agency (C.I.D.A.), has the capability of handling large jumbo jets, including the Boeing 747. At one time it was the only international airport in the Region and served as a connecting point for the Eastern Caribbean, St. Kitts, Anguilla, Nevis, Monserrat, and Dominica. This is still true today, but to a lesser extent, as St. Kitts has recently opened an

International Airport capable of handling jets. However, many flight connections still take place in Antigua, as it is the headquarters for the regional carrier Leeward Island Air Transport (L.I.A.T.). There are also connecting flights to the French West Indies (Guadeloupe and Martinique) for travellers coming from North America. This flow is not significant as direct flights from Montreal to Guadeloupe are now available. ¹²

2.14 Sea Transport

There is a deep water port in St. John's, with two berths which are together a total length of 372 meters. The available draft of this seaport is 10.7 meters, and the port has facilities for handling closed containers, but at the moment the storage facilities for these containers are poor, and as this type of traffic is likely to increase it may become a serious problem. There is virtually no regular regional sea transport for cargo or passenger services to Antigua. A few smaller vessels operate out of the harbour, but with no set schedules. Since the "Federal Maple"

12. Antiguan and other English-speaking West Indians, have few business dealings in the French Islands and do not often travel to these Islands. This seems to be mainly because of the difference in language. In addition the association of the English-speaking Caribbean Islands with Commonwealth Community appears to reinforce the division between the English-speaking Islands and the non English-speaking Islands in the Region.

discontinued services, inter-Island passenger service by sea has been confined to fishing boats, or irregular small ship services. Nelson's Dockyard at English Harbour is the only yacht marina on the Island. Currently an Italian company is building a condominium hotel resort west of St. John's; its plan calls for a marina and the salt pond in which it is to be built has already been excavated by another firm that originally started the project. This project has now changed hands, and the completion of the marina remains uncertain.

2.15 Summary

The economy of Antigua has undergone structural change over the last 15 years and Antigua is no longer a sugar plantation economy. The economy is now amenity-based and tourism continues to grow as the most important economic activity. The Government has promoted this structural change of the economy and has invested heavily in the infrastructure required to develop the tourist industry.

Other sectors of the economy however, have not grown as quickly and are in fact declining in their significance. The agricultural sector has been in decline since 1978, despite increased effort by the Government to reverse this trend. The reasons for this decline are multifold,

but it would appear that the most important factors are the opportunity cost associated with land use, the constant problems of water supply due to irregular rainfall and drought, and the difficulty local farmers have in competing with larger farms in the U.S.A. which can achieve economies of scale. It is clear that greater emphasis on water management will be necessary if Antigua is to increase the role of agriculture.

The inability to compete successfully with imported goods because of technological and scale of operation factors has also affected the livestock and fishing activities, which have been declining significantly. This seems to be particularly true of fishing which has practically disappeared as an income activity in Antigua, with the exception of a few locals who have invested in modern boats and equipment. The ocean resources are clearly one of Antigua's most underdeveloped resources.

The development of the manufacturing sector of the economy has also been slow, despite an attractive incentive package which is available to foreign investors, and the fact that products manufactured in Antigua can enter other English-speaking Caribbean islands and the U.S.A. duty-free. Few industries associated with the growing technology sector have located in Antigua and this appears to be particularly related to the low skill levels of the working age population.

The structural change in the economy has caused an on-going shift in the population settlement pattern, with more people moving from the countryside and settling closer to St. John's. Part of the reason for this appears to be the increasing centralization of job availability and services, both public and private. The growth of St. John's has led to urban squatters, and traffic jams. This uncontrolled development of St. John's may have serious negative implications for the tourist trade.

The centralized nature of Government and other services, makes it necessary for more lower income people to live close to the city. Discouraging this type of settlement under the present economic system would increase cost to these lower income people, and may be politically unrealistic. The increase in competition for the finite resource of land is not confined to St. John's and in the future could become a significant political issue.

Tourism is likely to remain Antigua's major economic activity, but this sector may not be able to provide employment for the growing working age population, and other economic activities which are compatible with tourism will have to be developed.

Chapter Three

A Review of The Literature on Small Nation Development

3.1 Introduction

In this Chapter the Author briefly discusses some of the more important literature relevant to small nation development. The purpose is to provide a background to the strategies which will be discussed in the following chapter. It is beyond the scope of this document to provide a detailed, and extensive analysis of the weaknesses and strengths of development theories in general, and only those theories which have some relevance to the case of Antigua will be discussed.

3.2 Small Nation Development

It was not until after World War II that literature on the development of small nations began to appear. This was a response to the recognition that many European countries would not be able to maintain their colonies, which would eventually gain independence.

In the Caribbean during this period (1940–1980), the Colonial Office was emphasizing the modernization of the sugar industry as a development strategy. The Regional leaders, however, were more

interested in the theory of development put forward by Sir. W. Arthur Lewis, the renowned West Indian economist, who argued that it was necessary to move away from an economy based on staples, which had dominated West Indian economic development. Instead, he suggested that industrial development should be pursued by persuading "existing distribution channels in Latin America to open factories in the Islands to supply their trade" (Lewis, 1950 p 31, [97]). He advanced three arguments in support of his position:

- 1) The Region could not generate the savings necessary for the large investments needed for industrialization;
- 2) West Indian businessmen tended to specialize in agriculture and had little experience or interest in manufacturing; and
- 3) It was necessary to use already existing channels to gain access to extra-Regional markets. According to this theory, low wages and the proximity to U.S. and Latin American markets were the major attractions to foreign firms.

Lewis recommended that a Region-wide industrial development corporation, and a Regional bank be established, to promote and facilitate industrialization. Other incentives Lewis suggested, would include tax holidays, duty rebates on imported equipment, machinery and raw materials, and the subsidization of serviced industrial sites. These incentives were generally adopted throughout the Region. However, only Jamaica and Trinidad received any significant amount of industry under this program of "Industrialization by Invitation". These islands had large enough domestic markets to attract industry, and in addition they both had valuable natural resources, bauxite in Jamaica, and oil in Trinidad, to provide revenues which could be used to establish suitable industrial sites. The small Caribbean islands at that time did not have possibilities of this nature, and received little industrial activity (Mandle, 1982, p 60 [100]).

While Lewis was clearly aware of the size factor involved in the development process, he never dealt with it explicitly. His development proposals implied that the inexperience of local merchants and their inability to raise capital, were to some extent related to size. Generally however, his approach to development in the Caribbean was the identification of factors in the Region which were preventing the neo-classical model of economic growth from bringing development to the

Region. He believed that only capitalists invest, as they are the only ones with the ability to do so, and that policies should be put in place which would encourage this type of economic activity in the Caribbean.

The debate on nation size as a meaningful consideration in development did not gain much recognition until the 1957 conference of the International Economic Association in Lisbon. Papers delivered at this conference were edited by E.A.G. Robinson and published in 1960 with the significant title of Economic Consequences of the Size of Nations. In his introduction he states,

"It would, I think, be impertinent to describe the purpose of the 1957 Conference of the International Economic Association as 'an inquiry into the nature of causes of the wealth of nations', yet in a broad sense we were engaged in returning to the great issues with which Adam Smith was concerned. It is paradoxical that in the hundred and eighty years since [Adam Smith's] book was first published, the relation of the size of nations to their economic prosperity, and to their level of income per head has received comparatively little academic discussion" (Robinson, E.A.G., 1960, p xiii [133]).

This collection of articles established the principles for all other work which followed dealing with size and development.

The paper delivered at this conference by Simon Kuznets was particularly important in laying the foundation for the majority of later work on the implication of country size (Selwyn, 1975, p 8 [139]). In this paper Kuznets identifies several of the characteristics of small nations, which he describes as "independent sovereign states, with a population of ten million or less".¹³ The characteristics of small economic units fall into three major categories as follows:

- 1) Small countries tend to have a limited range of available natural resources due to their small areas. Indeed, the range and variety of many factors such as climate, topography, minerals, and types of fresh water sources is narrow. This identified characteristic, later deemed the "narrow resource base" argument (Lloyd, 1968 p 5 [98]), does not imply that small countries have no resources, but that they will not have a range large enough to support a variety of industrial activities. Thus resource-dependent industry or extraction for export will be concentrated on one or a few materials.

13. Since this time there has been increased discussion as to what constitutes a small nation. For the purpose of this study, which focusses on the case of Antigua, a discussion of size seems irrelevant since it would be difficult to argue that Antigua, with 80,000 people and a land area of 108 sq. miles is not a small nation by any definition. For a detailed discussion see Lloyd, 1968, p 5 [98].

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2) Many industries will not be able to achieve optimum scale because of the small domestic market. This is of course, particularly true of industries such as aircraft manufacturing, automobile and truck assembly, large machine tools, heavy electrical equipment, and railroad equipment. The production of these items could only be economically possible if there was a substantial foreign market. Probably only one of these industries would be possible, and even then it would require massive importation of supplies from more developed countries.

3) The economy of a small nation, because of a particular resource, or a specialized local traditional skill, will most likely be based on a single, or narrow groups of activities, in which it has a comparative advantage. Kuznets suggests that a small nation without a significant natural resource, must depend on its people and social institutions. However, this may present problems as the small population size will limit the range of professionals, entrepreneurs, specialists and intellectuals. Thus certain highly skilled jobs and advanced

technologies may not appear. Further, even where these skills do exist, they generally do not provide a significant advantage unless these people have access to the global community of advanced knowledge. Finally, whether a small country has resources or not, it must be able to adapt social institutions quickly, so as to take advantage of opportunities which arise.

Other papers presented at the conference stressed different factors. E. A. G. Robinson, building on research completed by W. A. Lewis, discussed the difficulty small nations may have in achieving economies of scale for administrative functions and social services, such as roads, schools, health services, solid waste disposal, watermains and port facilities.

Another paper by Edwards (1969 [41]) raised the problem of monopolies and small nations. While increasing mechanization and vertical integration may multiply the number of establishments under a single ownership, firms may feel the need to diversify ownership so as to gain greater bargaining power. However in a small open economy, large international cartels will always be able to outcompete and possibly take over local firms, even if the local firm has established a domestic monopoly.

The conference identified in a comprehensive and detailed manner the problems and potentials which generally affect all small nations.

The negative factors could be summarized as follows:

- 1) Small nations may have specialized economies due to a narrow resource base;
- 2) Small nations are more dependent on foreign trade and generally have little ability to affect the terms of trade;
- 3) There are difficulties attaining economies of scale in manufacturing industries, agriculture, and Government provided services and infrastructure;
- 4) There may be few local skills in the professional, educational, and informational sectors. This may lead to dependency on external institutions to provide these services;
- 5) Small nations can easily become dependent on one large, and possibly foreign-owned, company and will be more likely to experience a monopolistic situation.

The identified potentials of small nations are:

- 1) Small nations have a greater possibility of identifying the major factors which will affect their development as their systems are easier to analyse and understand;
- 2) It is usually possible to reach more easily a consensus of policies in a small nation;
- 3) Small nations can, if aware and prepared, rapidly modify their social institutions and policies to respond to an opportunity or a threat;
- 4) Governments tend to be close to the people of small nations.

The literature on small nation development expanded significantly during the 1960's and 1970's. The need to move away from reliance on single or a few primary products for export remained a major issue (Knox, 1967, p 37 [83]). The ability to diversify into manufacturing was not a viable alternative for many small states. This meant that specialization would remain a dominant strategy, as it provides a better "pay-off" than attempts to diversify (Brookfield, 1975, p 54 [24]). The prices for agriculture products were falling during this period, and the movement towards independence for many small nations increased concern that they

might become excessively dependent on foreign markets. Some authors also raised the question of whether development could occur in a plantation economy, stressing that this system of production inhibits innovation and is so dominant that social structural changes which constitute movement toward development could not occur (Beckford, 1972 p xxi [13]).

Most of the literature, up until the appearance of William Demas' first major work, focused on the characteristics of small states, but Demas began to analyze how size inhibited the process of development, considering the process of structural transformation. This structural transformation would be based on high savings and investment, and the development of a set of supporting institutions such as a capital market and other financial institutions, land reform, educational and training institutions, a developed system of public and business administration and incentives for industry. Here Demas discusses many of the same problems of size already identified by Kuznets and others. Overall it is Demas' proposal of methods to achieve structural transformation in the Caribbean that constitutes his major contribution to the literature.¹⁴

14. Seven basic elements of structural transformation were considered:

- a) The capacity to transform as determined by political and social processes and attitudes;
- b) The unification of national markets;
- c) The shift of production and labour between primary, secondary and tertiary sectors;
- d) Integration of domestic industries;
- e) Reduction in the importance and composition of foreign trade;
- f) Reduction of dualism in the economy; and
- g) The development of appropriate institutions (Demas 1965, p 8 [36]).

Demas rejects the balanced growth theory, or the theory of the "big push" put forward by Rosenstein Rodan and Nurske, as not feasible for a small nation with limited resources.¹⁵ Demas, like Lewis, stresses the export of manufactured goods as a means of achieving structural transformation. He differs from Lewis in that the source of capital is expected in a large part to come from local entrepreneurs. To bring this about governments must develop locally owned financial institutions and increase their control over the management of the monetary and financial systems. Finally, recognizing the difficulty that many smaller islands in the Caribbean would experience in implementing this approach, Demas calls for economic co-ordination in the Region, particularly with regard to incentives to attract foreign capital. This early work by Demas differed in three major ways from his later work. First it stressed export base development, whereas his later works call for greater emphasis on import substitution for the production of intermediate goods. While exports remain important, the structural transformation is seen as needing a greater local input in the overall production process (Demas, 1975 p 37 [38]).

15. Demas seems to agree with Hirschman who stated that this approach to development requires huge amounts of precisely those abilities which are most likely to be in limited supply. The resources for simultaneous development are generally lacking (Hirschman, 1961, p 53 [75]). For a complete discussion in balanced and unbalanced growth see Higgins, 1968 pp 327 - 342 [72].

Industrial development is criticized here by Demas, as relying too heavily on imported capital and raw materials, and of being too capital-intensive. Also, greater self-reliance in food production and agricultural goods is proposed by Demas. This however, does not mean that self-reliance should be pursued as national goal of individual islands, but rather "the goal must be regional self-sufficiency with increases in the regional production broken down on a country by country basis" (Demas, 1976, p 127 [37]). Thus, regional integration becomes the most important proposal of Demas' work for solving the problems of small markets and limited resources which were discussed by Kuznets. Demas proposes that specialization of production by country would lead to economies of scale, and greater human resources would be available to all participating countries in the Region .¹⁶

In summary Demas' work on the development of small nations identifies seven factors necessary to be overcome, in terms of achieving development in the Caribbean.

- 1) lack of sufficient local decision-making in economics;

¹⁶ A few other aspects of Demas' work are worth mentioning. The concept of planning for development in the Caribbean is raised several times. His view here is that planning must be carried out in close conjunction with local and foreign business. Little discussion is given to the overall internal planning process within Caribbean Islands. Planning is seen as being concerned mainly with economic growth, with little emphasis placed on the creation of social institutions which function at the village level. Macro-economic development planning dominates Demas' work.

- 2) lack of locally controlled financial institutions, research institutions, centres for research in technology and scientific aspects of industry and food crops in agriculture;
- 3) failure to exploit potential local natural resources;
- 4) taste for consumer goods similar to that of metropolitan countries;
- 5) high import content of consumption;
- 6) inadequate levels of export manufacture;
- 7) high capital intensive technology and lack of integration between sectors (Demas, 1976 p 74 [37]).

To overcome these obstacles, he puts forward four essential elements to achieve economic transformation:

- 1) The achievement of greater degree of economic independence, by encouraging local savings and investment. This should form the driving force of development but should be balanced with foreign investment where needed (Demas, 1984 p ii [35]).

2) The promotion of greater self-reliance, including co-operative and youth organizations. This concept is clearly related to the first point;

3) Training to increase the "know-how" of Regional people in technical managerial ability, and entrepreneurial business skills; and

4) Regional integration: this is the panacea for Demas as all of the facts already mentioned would fall under this framework of development.

Implicit in Demas' work is the regional growth pole/growth centre approach to development (Demas, 1976, p 96 [37]). The formation of a Regional integrated market would allow industries established in the larger more developed islands to be more efficient by achieving greater economies of scale. This spatial concentration of economic activity would generate growth which would "spillover" or "spread" to the rest of the Region, allowing specialization in other islands for required inputs to

industries located at the growth centres (Richardson, 1978, p 165 [131]). The danger in this approach is the possibility of the "backwash" or the cumulative causation effect described by Myrdal (1975 p 2 [118]). This was a strong possibility in the Caribbean, as the factors which usually ameliorate the effects of polarization, the freedom of movement of labour and capital, were never a reality in the Caribbean.

Brookfield (1975, p 55 [24]) commented that Demas appeared more interested in the nationally aggregative approach to studying small nations, paying little attention to internal structure. Others argue that while integration has always been advocated as an appropriate solution to the social and economic difficulties facing small nations, particularly in the West Indies, it has never been very successful. Thus while the attempt of many small states to "go it alone" may be largely misplaced, there are often few realistic alternatives (Abbott, 1975, pp 109-112 [1]).¹⁷

Courtenay Blackman (1979, pp 340-358 [17]) suggests that what is needed is a managerial approach to economic development of small countries. The approach should identify goals and objectives, recognize the strategic control variables and design a plan for achieving the identified goals. Further, Blackman stresses the importance of monitoring the

17. See Clive Thomas' article describing the difficulty in CARICOM and CARIFTA in Contemporary International Relations of the Caribbean (1979) pp 284 - 299 [155]). This will be dealt with in greater detail in Chapter Four.

system, and emphasizes that this is easier in a small country. The professionals involved in this work should have a "broad and generous education" and be widely read in "history, sociology, psychology, anthropology, philosophy and all areas concerned with the human condition" (Blackman, 1979, p 345 [17]). This "managerial" economist, as Blackman sees it, or what could be called a planner, should be completely familiar with the system of the country in which he will be working, and not depend on generalized theory. Finally Blackman identifies four major elements for development in small nations:

- 1) The small nation must recognize its population as the most crucial resource. Other factors such as natural resources cannot be seen as causal factors of growth;
- 2) Because the population is the major resource, the development of individuals in the society ought to be a major element in any strategy;
- 3) The maintenance of the legal and social sub-systems which support economic activities of the nation should be given priority; and

- 4) The development of skills for co-ordinating natural economic activity and growth should be important.

Benedict (1967, p 48 [14]) identifies social relationships in a small nation as a unique and important consideration. The discussion put forward here states that relationships in small nations tend towards "particularism" as opposed to universalism, which is at the other end of the spectrum. This means that the role one plays is ascriptive and typically one is born into it. Another way of looking at this is to define roles as "multiplex", which means that almost every social relationship serves several interests. The example given by Benedict is one where an employee who is inefficient is not removed because of kinship or political ties. Thus "impersonal standards of efficiency, performance, and integrity are modified by the myriad of relationships connecting the individuals concerned" (Benedict), 1967 p 48 [14]). This is a significant implication for development. While it is not well suited to efficiency or modernization in general, it does provide the framework for possible "greater social cohesiveness" which is important to identify and pursue common goals (Knox, 1967 p 44 [83]). Clearly, however, some degree of universalism, i.e. the relationship between individuals based on set standards and roles, is important in structural transformation.

Chapter Four

Three Strategies of Development and Their Implications for

Antigua

4.1 Introduction

The discussion in this chapter focuses on the goals of the people and Government of Antigua, and the possibility of achieving them. Three strategies: Self-Reliance, Regional Integration, and the Open Economy or Dependency-Associated Development will be examined in terms of their potential effect on the major economic sectors of industry, tourism, and agriculture, and the realization of societal goals.

In the rapidly changing world in which we live, governments must always be reviewing their situation and making what they consider to be necessary changes for the benefit and well-being of the people they represent. Decisions made in distant places may have significant impacts on the strategies, economic policies and development goals of a small nation. This may mean that goals and objectives must be reviewed and changed rapidly. On-going debates within governments regarding development policies and goals, and the means of achieving them, are a natural and vital part of a representative democratic government system.

4.2 Goals

Several sources were used to determine the goals of the Government of Antigua. Goal statements were taken from the throne speech of 1986, the manifestos of 1976 and 1980, the first Five-Year Socio-Economic Development Plan (1980 [57]), a written policy statement of the Ministry of Agriculture. Interviews with Ministers and other Government officials, including the Ministry of Economic Development and Tourism, and the Minister of Agriculture, provided additional sources of goal statements.

4.2.1 Goal statements

1980 Socio-Economic Development Plan

Explicit

- *To reduce unemployment to 10% by 1984
by increasing employment by 6,750 new jobs
- *To promote equality of wealth among citizens
- *To increase productivity
- *To make Antigua as self-sufficient as possible
- *To establish the closest possible integration
of the Caribbean Commonwealth Countries
- *To create and maintain stable political and social
economic conditions for the purpose of attracting
foreign and local investment
- *To move Antigua from the role of a primary
producer into a secondary and tertiary producer

Implicit

- *Increased efficiency
- *Greater economic independence
- *Regional self-sufficiency
- *Transformation of economic
structure with diversification

1980 Antigua Labour Party Manifesto:

Only the goals that differ or are additions to the above will be mentioned here to avoid repeating those already mentioned in the context of the 1980 socio-economic plan.

Explicit

*Improve the democratic process through establishing Local Government Councils

*Increase local participation in industry

*Increase home ownership for lower and middle income Antiguans.

* Minimization of pollution

* Conservation of scarce resources

Implicit

*Decentralize decision-making and greater focus on community development

*Increase domestic control over industrial sector

1984 Antigua Labour Party Manifesto:

The goals of the ruling Antigua Labour Party changed little between 1980 and 1984, with the exception of increased emphasis on expanding the role of industry, the need for better health, recreation and education services, and the promotion and development of cultural expression and the development and preservation of historic sites.

1986 Budget Speech:

The Antigua Labour Party was re-elected in 1984 and their goals as expressed in the recent budget speech are much the same as the afore mentioned, with the exception of those listed on the following page.

Explicit

- *Increase extra-regional based industries
- *Less reliance on "trickle down"
- * Decrease leakages of tourist dollars

Implicit

- *Lessen the economic relationship with regional economies
- *Decentralization of services

Goals Stated in Agriculture Policy Statement:

- *To reduce, and where possible eliminate the importation of food items in order to retain foreign exchange
- *To exploit fully and protect the water of the nation's exclusive economic zone for the benefit of the population
- *To promote the development of new agricultural crops for export
- *To develop rural communities by increasing the income of small farmers and farm families.

Goals stated in the interview with the Honorable Robin Yearwood, Minister of Agriculture, Lands and Fisheries, July, 1985:

Mr. Yearwood reiterated many of the goals already stated, emphasizing modernization and efficient use of agricultural land and ocean resources, improved land tenure for small farmers, and rural community development.

Goals stated in Interview with the Honorable Lester Bird, Minister of Economic Development and Tourism:

The Deputy Prime Minister stressed many of the goals already stated in the five-year plan. In addition Mr. Bird recognized that the

sugar industry would probably never regain its past importance as a major export cash crop, and instead appeared to place the focus of development by encouraging foreign and local investment in the light industry sector and tourism. Increasing the number of tourists and reducing the leakages of tourist dollars seemed to be of particular concern.

Creating greater employment opportunities, particularly for people living in areas outside St. John's, was mentioned as an important development goal, but this did not necessarily seem to mean locating the sources of employment in these areas. Finally, increasing local input in the decision-making process was mentioned as a growing concern of the Government.

4.3 The Self-Reliance Development Strategy

The Self-Reliance strategy falls under the inward-oriented development approach (Morris, 1984 p 225 [113]). This strategy is an outgrowth of the basic needs approach to development. The goals of the "basic needs approach" are an adequate supply of food, clothing, decent habitat, medical services and education (Hoogvelt , 1983 p 99 [76]).

The strategy of achieving, maintaining, and distributing these basic needs relies on identifying target groups and making the

necessary structural changes to the social and economic system, so that it is possible for these groups to acquire defined basic needs. The required structural changes could be implemented in a top-down manner, such as Government policies for the creation of employment, which would allow basic needs to be bought on the market, higher food prices for the farmer or legislation of minimum wages. Lee, (1984, p 117 [93]) argues that these macro-economic changes within a highly centralized system will not be efficient. Higher food prices benefit farmers, but harm the non-farming poor; minimum wages help the working poor, but do little for the non-working poor; and increasing employment does little to change the pattern of effective demand. Overcoming the problem requires a comprehensive approach. This approach would move the goal setting, decision-making, and control of the resources to the target communities, creating a closer relationship between the structure of production, distribution and the community needs (Galtung,1976[51]). The approach to sustained development using a basic needs strategy should therefore be a bottom-up approach.

At some point, however, there has to be growth to continue to meet basic needs, or to move beyond that position. The question then becomes one of how to achieve this without creating conditions which will once again create basic need problems within some sector of the society.

Proponents of Self-Reliance argue that this strategy is a natural outgrowth of the logic of the bottom-up basic need approach (Lee, 1984 [93], Hoogvelt, 1983 [76], and Korten 1984 [86]). These authors state that control of development must remain with the community, and local resources should be the input for any industrial growth. Evans (1981, p 119 [43]) states that the Self-Reliance strategy is industrialization, using a protected import-competing process. The purpose is to prevent economic power from being concentrated "in organizations that have no attachment of place, and no accountability to local people or in many instances even government" (Korten, 1984, p 306 [86]). Self-Reliance does not mean self-sufficiency but instead suggests a greater selectivity in international economic relationships, not letting external links and foreign demand set the direction or the rate of a country's development. Thus luxuries are curtailed, and extensive effective controls are placed on foreign investments. Recycling of waste, labour intensive resource development, and the use of appropriate technologies become the important factors in industry development (Sunkel, 1981. p 109 [151]).

There is a strong similarity in the argument presented here, to those advocated by the proponents of Regional Integration. The problems they are seeking to solve; mainly gaining control of industry and resources,

reducing vulnerability to footloose investors, and decreasing dependency on goods produced and priced outside of a country are the same. The approaches differ in that the regionalist sees integration of economies and resources, with each country following its comparative advantage, as the means of overcoming the problems of small nation development .

In summary, the strategy of Self-Reliance was an out-growth of the bottom-up basic needs approach to development. Its emphasis is on decentralization of decision-making, community organization and development, import substitution as a means of industrialization, little foreign investment, and export to regional markets where necessary.

4.3.1 The Self-Reliance Strategy and Development in Antigua

Development under this strategy would be based on identifying resources and potentials to replace specific imported goods. Given the fact that Antigua has limited forests, no mineral resources, a relatively unskilled labour force, and a small population and market, certain large scale manufacturing industries such as steel making, automobile manufacturing, and large consumer durables would not be feasible. The resources available for a more Self-Reliance strategy

are mostly agricultural. The forward linkage potentials vis a vis these resources are agro-processing, clothing and household handcrafts. Two of Antigua's major staple food imports are rice and potatoes. The replacing of these with a locally produced staple foods such as yams, cassava or breadfruit, is a possibility. Production of the replacement staples would have to increase significantly, and tariff barriers would have to be placed on imported rice and potatoes. Land areas most suitable to the production of these crops, would have to be protected and used only for the production of these staples. The organization of production would be around villages, or parts of villages, to overcome the distribution problem. Such village units would require storage facilities, which in itself presents further employment opportunities.

Processing of these staples would provide further employment, and again this strategy would require decentralized processing plants. Certain of these suggested replacement staples, such as yams, would not require much processing, but nonetheless it might be possible to create prepackaged food items from these staples, such as canned breadfruit, or frozen cassava. These are all possibilities.¹⁸ Processing plants would

18. The activities mentioned are not recommended activities, but are examples of the sort of items which might be produced, and the type of production techniques which might be possible in Antigua; if this strategy were followed. There are some activities that are more probable than others, and further research would be required to determine which of these industries might succeed.

clearly not be located in every village because some level of efficiency would be necessary. They could be located in central villages within different areas of the Island such as All Saints in the east, Bolans in the southwest, and Barnes Hill-New Winthorpes in the north. Clearly the location would be particularly dependent on where certain crops grow well. For example, root crops, tomatoes, pineapples, and mangoes all grow well in the southwest. Some vegetables and corn grow well in areas of the east; cotton grows well in the north. Therefore, the north could spin cotton and produce cloth; while the south could can tomatoes, pineapples; maybe make pineapple wine, and produces mango chutney; and the east could can corn and or make corn meal. These are only a selection of a few of the food items that can be produced in Antigua. Clearly, which crops would replace imported staple foods would depend on the taste preferences of the people. Breadfruit, for example was promoted years ago as a staple food by the present Government. The slogan was "a breadfruit tree in every yard". The program was highly successful in placing a significant number of trees in most villages. However, breadfruit never really "caught on" as a major staple food; though they are used in some households as a staple, they are not in most. Many people throughout the West Indies associate breadfruit with slavery, and view it as being a food for pigs. This may be the case in

Antigua as well, thus accounting for its relative low usage despite its relative abundance. Under the Self-Reliance strategy it, could however; be used more systematically as pig or cattle feed.

Other possible small agro-processing industries include the making of fruit juices, leather tanning, shoemaking, belt making, and garment production. There is already one garment factory in Antigua which exports as well as sells on the local market. While this factory represents local industry it does not fulfil many of the Self-Reliance principles. First, it is centrally located and uses imported cloth and at present has few backward linkages. However, it does represent an opportunity to create other backward linkages such as textile production from local cotton, and the employment of local arts for pattern design.

The making of small household handicraft necessities such as wooden plates and cups, straw table placemats, straw floormats, wooden window blinds, straw wastepaper baskets, wooden dish racks, wooden desk top files, and a variety of pottery products, all represent opportunities for small decentralized manufacturing units. The recycling of discarded imported products such as bottles, old tires, plastic containers, and cardboard also present opportunities consistent with the Self-Reliance strategy. These opportunities are particularly extant on an Island such as

Antigua, where garbage disposal is increasingly becoming a problem.

Given the Self-Reliance approach, tourism would be limited to small locally owned hotels and guest houses. These would use mostly domestically-produced building materials and furnishings, in addition to locally grown foods and recipes. This organization of the tourist trade would increase the spread of the benefits both spatially and in terms of socio-economic class groups and create new opportunities to expand cultural activities and handicrafts.

The implementation of this strategy requires a community-development-based territorial structuring of the Island, the development of local financial institutions, and the provision to village units of relevant information, knowledge and skills. The process of community organization and development is an essential part of this strategy, as it suggests that only the community can assure that its members receive the benefits of their labour (Friedmann, 1984 p 211 [49]). It is necessary to have decision-making processes which can easily identify resources, potentials and problems at the village level. Decision makers are more accountable and responsive under this system, and representatives at this level can quickly transmit their successes or failures to other villages (Korten 1984, p 306 [86]).

The identification of technological gaps, both in terms of capital goods and technical knowledge, for the desired small industries mentioned is important. Once a decision were to be made on which industries would be promoted, the technology available should be studied to identify the most appropriate, labour intensive means of production. The ideal of Self-Reliance would be the development of the required technology locally, but where this is not possible, appropriate labour intensive technology should be imported, with training being carried on locally on the Island.

There are several opportunity costs to the Self-Reliance approach. Firstly, the range of available consumer goods would be markedly reduced. Human settlements, wherever located, would have to be quite dense, so that valuable agricultural land was not occupied. This might create a conflict with present land use trends, and other sectors such as tourism. It is possible that goods produced under this system, such as canned foodstuffs, clothing and shoes, to mention just a few, might be more expensive, due to the inability to achieve economies of scale, or early efficiencies in the production methods. Higher prices could be considered a form of taxation or capital mobilization, but this approach could only be justified in the long run if the general standard of living and quality of life increased for the majority of the population.

4.4 The Regional Integration Development Strategy

The Regional Integration strategy is an offshoot of the neo-classical welfare economic model, which relies on the notion of comparative advantage, through the creation of large markets, by the removal of "artificial" barriers within a given region (Axline, 1979, p 3 [8]).

The explicit goal of this strategy is the fostering of efficient use of resources. Implicit is the goal of modernization and industrialization and a greater "collective Self-Reliance" of a region. The major means of achieving these goals is the creation of larger markets, and the protection of local industries from extra-Regional competition through the use of tariffs, quotas, and production input regulations.

The increase in market size can be achieved using the most limited form of economic unification, which is the free trade area. (Axline 1979 5 [8]). Larger markets offer a range of technical and financial advantages to firms; including mass production, standardization, easier access to credit facilities, the ability to create a trained industrial staff, and establish a scientific research base . These factors lead to reduced cost of production and supposedly reduce the final cost to the consumer. Competition in the free trade area should lead to some specialization on the part of each member country. The specialization a country develops, may

not be left to market forces, but instead might be the outcome of negotiation between member states (Higgins, 1979, p 251 [72]). The increase in market size and the technical and the financial advantages it offers to firms, would encourage local and foreign investors. Better use of resources leads to increased production and income which further reinforces the development process. Generally free trade areas quickly evolve into common markets and the move is usually considered a deepening of the integration process which is generally accompanied by establishment of a common custom union with all member countries having the same incentives and tariff structure. Thus foreign companies wishing to gain access to the market, without paying duties which may make their products uncompetitive, must locate in the Region.

There is a tendency under both systems, free trade areas and common markets, for the location of the majority of factors of production to be concentrated in the more economically advanced countries within the Region. This generally creates a growth pole/growth centre structure and the more economically advanced members become the centre of growth, with the less developed member states supplying raw materials and agricultural produce. This has been categorized by some as the "centre-down" approach (Stohr, and Taylor, 1981, p 453 [147]). There is

much debate as to whether increased economic activity is "spread" to less developed regions or, if the "backwash effect" that Myrdal [1975 [118]] describes, is stronger, with the advanced nations gaining the majority of the benefits. Several Caribbean writers, (Axline, 1979, [8] and Best 1979, [16]) argue that the polarization effect increases regional disparities, and mostly benefits the growth centres. McIntyre (1977 p 178 [104]) argues that the major purpose of integration is to provide greater opportunities for each member to increase its economic growth and as long as this happens reduction of Regional disparities should not be used as the measure of success.

Integration negotiations may include consideration of means to equalize the relationship between the more developed and less developed nations, such as transfer payments. The free movement of factors of production, capital and labour are another method, and the European Common Market is based on these two mechanisms. Without some corrective device such as this, it appears that polarization fragments the integration process.

Several types of Regional Integration systems have been attempted in the Caribbean. In 1958, the British established the ill-fated West Indian Federation. The economic development strategy in the Caribbean at this time lay mostly in modernization of the sugar industry, as the

colonial authorities felt that industrialization was not a viable economic strategy for the Region (Ward, 1985 p 48 [168]). This union was clearly not brought into existence primarily for economic reasons, but rather was a response by Britain to increased pressure from Regional leaders for greater democracy and self-government. The Federation, which survived until 1962, was considered a means of reducing the administrative cost of the West Indies.

The reasons for the demise of the union are varied, but fundamentally it failed because the larger and more industrially developed Islands, Jamaica and Trinidad, saw little economic benefit in the union. In fact, while Britain was promoting the modernization of the sugar industry, Jamaica and Trinidad were pursuing industrialization under tariff shelters. Jamaica feared increased competition for its industrial produce, and therefore refused to allow free trade. Trinidad feared mass immigration from the smaller Islands, and therefore would not allow freedom of movement of people within the Federation. Therefore when the Federation was formed, it contained no measures for the movement of labour, capital, or goods and also the Federal Government had rights to tax collection. Jamaica in addition, feared being burdened with most of the administrative cost, and withdrew after a referendum was held locally to decide whether

or not to remain in the Federation. As soon as Jamaica withdrew in favour of complete independence, the Federation fell apart. Trinidad then withdrew, gaining its independence and was closely followed by Barbados.

It was only five to six years after the failure of the Federation before another form of integration was attempted. This time the focus was completely economic, with no public discussion of the possibility of a politically united West Indies. The Caribbean Free Trade Association (CARIFTA) treaty was signed in May 1, 1968, by three countries: Antigua, Barbados and Trinidad and Tobago. Again Jamaica was opposed, and only signed later.¹⁹

The major aspect of the treaty was the freeing of trade. Other aspects of the treaty included an agreement in principle to eventually establish distributive measures, which would be designed to compensate the smaller less developed countries. This was in recognition of the fact that the larger, more developed countries were receiving the majority of the benefits. The establishment of a Regional development bank was one of the proposed distributive mechanisms. The proposal was that each member would have access to funds for development projects, but the major contributions to the Bank's funds would be from Trinidad and Jamaica. The Bank

19. William Demas played a major role in the formation of CARIFTA, and was Trinidad and Tobago's representative at the free trade conference.

represented another distributive measure and was eventually established 1970 as the Caribbean Development Bank, but was not a part of the formal agreement of either CARIFTA or CARICOM. Eventually all of the English-speaking Caribbean signed the CARIFTA agreement, but with the exception of the Bank no other substantive formal or informal distributive measures were put in place.

CARIFTA was transformed into the Caribbean Common Market in 1973. Under the new agreement, there existed a single Regional market with a common external tariff for imports from non-member countries. In addition, the agreement emphasized the need for common policies for economic development of the Region, harmonization of industrial incentives, and the rationalization of production of agricultural and industrial goods. The agreement represented a deepening of the integration process.

This time the majority of members signed the agreement, but the debate leading up to the agreement again reflected a split between the Less Developed Countries (LDC's) and the More Developed Countries (MDC's).²⁰ Eventually all the original members of CARIFTA signed the

20. Antigua and Barbuda, Dominica, Grenada, St. Kitts and Nevis, Monserratt, and St. Vincent are consider to be LDC's. The MDC's are Barbados, Jamaica, Trinidad and Tobago, and Guyana.

agreement. CARICOM has been on the verge of disintegration since its conception. There are many accusations by different Islands of unfair trade practices, and exportation of goods to other Caribbean nations under the pretext that they are locally manufactured. In addition, there has been a tendency for member states to pursue unilateral action for either ideological or national interests. Generally the smaller less developed countries complained of receiving little benefit from the system. It has created few new investments, with most of the trade in manufacturing goods coming from industries established prior to the agreement. Overall the survival of the system is in question. Some argue that the integration system does not generate enough overall benefits to be able to compensate the LDC's in cases where these countries may not be receiving any rewards from the system (Hall, and Blake, 1981, p 197 [65]).

It is clear that one of the major goals of this strategy is the establishment of industrial activity in the Region, through a process of import substitution. If the integration model is to be a free trade area, then the decisions as to where industry will be located will be made by firms establishing themselves in the Region. If the integration system is to be the more complex common market, with its systems of tariffs, location decisions could either be left to firms or could be negotiated by participating governments. In either case, the decision-making body, the

firm or government, must consider the basic requirements of industry, which include the available infrastructure, skill level of the labour force, size of the labour force, market size, and the regular supply of raw materials and imported inputs.

Infrastructural requirements would include a regular supply of electricity, adequate port facilities, availability of phone lines, regular water supply, functional roads, and already established industrial input services, such as machine shops. Scrap iron dealers are another example, of a basic requirement for many companies involved in heavy industrial production.

The experience and size of the labour force is clearly important. Companies must consider the cost of training, experience, and work habits of the labour force. The size of plants at start-up is usually smaller than their full potential and firms tend to locate close to larger markets to reduce uncertainty as to the availability of services, and production inputs and to ensure a local market (Richardson, 1978, p 61 [131]). This is particularly true of industries normally requiring larger scale production. The production of margarine and fertilizers are examples of these. This is also true of value added operations such as the assembling of bicycles, domestic electric appliances, motor cars, and steel items.

There is little possibility of attracting these types of activities to Antigua, given its existing level of infrastructure, its small market, its relatively unskilled labour force and its constant water supply problem. Small light industries such as those involved in the production of garments, furniture, aerated drinks, cement blocks, tire-retreading, packaging and paper products might present greater opportunities for industrial activity in Antigua. However, it is questionable if membership in a Regional Integration system is required to encourage these industries, as they generally tend to service the immediate local market.

This is fundamentally what occurred in the industrial development of Antigua. The main benefits of integration to Antigua came during the period when the oil refinery was in operation on the Island. During this period from 1967 to 1975, Antigua gained from access to the larger regional market for its oil-related products.

The structure of the industrial sector of the Island changed little between the time that it joined CARICOM and now, and many of the light industries which did locate in Antigua are more dependent on access to the American market, rather than CARICOM markets. The few new industries established since 1975 include a home electronics assembly plant, which produces mostly T.V.'s, and a solar heating manufacturer. The

management of the T.V. assembly plant indicated in an interview that they hope to gain access to the U.S.A. under the Reagan administration's Caribbean Development Initiative, which allows tax free entrance of commodities produced in the Caribbean. The makers of the solar water heating units mostly sell to the construction industry in Antigua. Other new industries, such as the assembly of stoves and toilet appliances, are more dependent on CARICOM markets.

Generally it is agreed that CARIFTA and CARICOM have been unsuccessful in encouraging industrial activity to locate in the smaller, less developed countries of the Region. A report prepared for the World Bank (Chernick, 1978 pp 23, 187 [31]) states that the less developed countries contributed little to the industrial output of CARICOM, and that the volume of trade of these countries actually decreased after the establishment of CARIFTA. In addition few backward linkages were established in the Region, as import substitution in manufacturing has relied on imported inputs. The reason for this is that "import substitution, even on a Regional basis, does not allow for sufficiently large scale production" to create linkages. The high art of establishing such large scale production would outweigh the

benefits.²¹

The effects of the Integration strategy on the agriculture and tourism sectors were not much different than that of the industrial sector. The principles of the strategy would again suggest that agricultural production should be developed with specialization of production by country so as to achieve economies of scale and prevent duplication. While this was promoted by Demas, it was never implemented.

Even if it were to become a reality, what would the benefits be for Antigua? It would mean an assured market for produce, but many of the crops in which Antigua could specialize are the same as those of the other Caribbean countries. The water shortage problem which Antigua often faces would surely weaken its bargaining position to be allotted the more vital and high demand agricultural produce. If, however, an agreement was reached granting specialization in a few crops to Antigua, the system of achieving this would surely require a marketing agency for the Region which bought produce from farmers at pre-determined prices. This would probably lead to the creation of larger-scale farms, as farms would probably be based on the need for farmers' to maintain a regular supply. Thus the ability

21. This is a response by Cherinck, in his report to the World Bank on Integration in the West Indies, to a proposal put forward by Brewster and Thomas in which they call for the creation of heavy industries, such as steel and chemicals, based on regional growth centers. In their article, "The Dynamics of West Indian Integration", published by The Institute of Social and Economic Research at the University of the West Indies, 1967, Brewster and Thomas, both noted Caribbean economists, state that CARICOM should use this approach to development, as it is the only way to establish linkages throughout the Region (Quoted in Chernick, 1979 p 191 [31]).

to use farming as a community development tool by promoting the family farm, would be in jeopardy. So far the institutions established under CARICOM, the Agricultural Marketing Protocol (AMP) and the Oils and Fat Agreement (OFA), for the purpose of regulating and allocating markets between members for specified products, have failed to increase production (Axline, 1979 p 165 [8]).

The effects of CARICOM on tourism have been minimal. There has been no agreement on market specialization, or joint tourist sector projects. The number of tourists visiting Antigua from the other CARICOM states has fluctuated little. It is difficult to imagine how integration could improve tourism for Antigua, other than if measures were taken to make the movement of people between islands easier, such as removing the need for a passport for travel between Islands, and reducing inter-Island airfares. This is highly improbable. In addition, most of the investment in hotels, has been from outside the Region. Therefore this industry, which could be an interesting field for investment by Regional business people, has been largely ignored.

The emphasis of both these Regional Integration strategies was first to overcome the problem of market size as a limitation to industrialization, and secondly to achieve economies of scale. Later with

the formation of CARICOM it was seen as a means to decrease dependency on developed nations by establishing a system that would increase import substitution, and facilitate development of a somewhat Self-Reliant Region in terms of financing Regional development.

It would appear that in the case of Antigua neither of these goals was accomplished with any great degree of success. Few forward or backward Regional linkages were established, little new industrial investment took place, and few Regional investors established many economic activities in the Island.

As Hall, and Blake (1981, p 204 [65]) state, the integration movement in the Caribbean lacks the general support of the population of each Island. This is because it is fundamentally an agreement between governments or "more specifically between national bureaucrats" (Hall and Blake, 1981 [65]). It has little or no structural aspects which bring the people of the Region together in a manner which leads to increased public bonds and support for collective Self-Reliance. Thus each government is caught between following the demands of its people or more precisely the voters, and listening to development advice of the National and Regional bureaucrats.

4.5 The Open Economy and the Dependency-Associated Development Strategy

The Open Economy, or Dependency-Associated Development strategy has its basis in neo-classical economics. Much of this strategy has already been discussed in Chapter Three in which W. Arthur Lewis' approaches for development in the Caribbean were considered. The essence of the strategy is the belief in the "free market" system. Capital will move to areas where cost of producing a particular item and shipping it to market, is less than the cost of producing it in areas already developed. Thus the strategy calls for identifying industries which can take advantage of the size, skills and cost of the existing labour force, and designing incentives which will attract them to locate in a particular area. This strategy is usually considered a "rapid growth" approach to development. Large amounts of foreign capital injected into the economy quickly bring the existing resource potential into production, providing employment. The need to use harsh measures for raising local savings, which may not be possible in a small nation, for the purpose of capital formation and investment is overcome.

Incentives to foreign firms under this strategy include the construction of industrial estates (with the necessary roads, water, electricity and port facilities), tax holidays for a given period of time, and

the permission to investors to repatriate profits. Indirect incentives to firms include a politically stable environment, with minimal worker-related disturbances, an established labour market, the protection of property, and the right to own property.

Other benefits associated with this approach include exposure to modern technology which can decrease the technological gap, between the underdeveloped region and the developed region, expansion of mass production organization, which may result in local managerial skills being developed, and access and experience of locals operating businesses in larger markets.

This strategy is appealing to the Third World politicians for several reasons, but has generally been unpopular with Third World and other developmental theorists. Politicians often see this approach as a method to achieve increased employment in the short run, or more precisely during their four or five year term of office. The increased employment is achieved with little short-term hardship to the voters, as generally governments can borrow to establish the infrastructure needed to attract industry.

Many development theorists, particularly those of the dependency school, (Frank, 1973 [48]; Sunkel, 1984 [150]) claim that

this approach is short-sighted. In the long run this strategy leads to a dualistic society, one firmly within the 'modern sector', and another which is marginalized, and also leads to high public debt. This argument states that, in fact, employment opportunities decrease over the long run, as more capital intensive methods are used in production. Also, large inflows of foreign controlled funds decrease opportunities for access of low wage labour to property and investment possibilities because of inflation. Overall, the economy becomes foreign controlled, and only a few professionals and middle income business people benefit. The value added by local labour is removed in the form of profits and at any time the system may collapse due to withdrawal of foreign-controlled capital. In addition, governments, may become repressive in an attempt to maintain and provide a politically stable environment for foreign investors (Lamb, 1981 p 102 [90]).²¹

Ward, (1975, p 129 [167]) states that small nations remain underdeveloped because of the "large element of foreign control in their domestic economies" that conduct business for its own needs rather than

21. See Lamb article in Dependency Theory an Initial Reassessment, [90] which discusses the "anti-subversive laws" in Trinidad, and legislation which makes it difficult to organize workers as an example of repressive tactics in the Caribbean.

the countries'. However, he maintains that this strategy is probably the one which will bring the greatest degree of development for the small nation. What is needed is a recognition of the potential dangers of the strategy, and the need to further understand "dependent planning". The successful attainment of desired economic and social welfare objectives depends on the preparation of plans that go beyond a public expenditure programs, to include the creation of a framework which induces the support and co-operation of non-indigenous firms (Ward, 1975 p 118 [167]).

The Dependency-Associated Development strategy is highly controversial. Without careful planning and policy formation, the long run outcome of this strategy could lead to a dualistic society highly vulnerable to foreign control. The potential benefits, such as rapid development, capital accumulation, and employment generation are attractive and important. However, they may be only short run without proper planning. The possible long run results, such as a marginalized local population, foreign dominance of property, and the possibility of political repression, constitute a serious negative drawback which must be avoided.²²

The present Government of Antigua is committed to maintaining an open economy, and a strong free enterprise system. Rapid

22. Lamb states, however, that the dependency theorists are unlikely to prove their case by examining the actual results of countries using this strategy (Lamb, 1981, p 107 [90]).

economic growth and development are the major priority of the Government. Thus it has already established many of the factors called for under the Dependency-Associated Development strategy.²³

Through heavy borrowing the Government has developed an effective infrastructure, which is necessary to attract foreign investment under this strategy.²⁴ Other tactics employed by the Government given this strategy, include the establishment of an industrial court which hears and passes judgement on employee/employer disputes. The purpose is to defuse tensions before they lead to a union-supported strike. It is difficult to assess the causality between the existence of this court and the notable lack of strikes in Antigua. This is because one of the strongest unions the Antigua Trades and Labour Union, is led by the same group of people that lead the governing Antigua Labour Party. Thus, the policies of the Government in a politically stable environment, will surely be supported by this union. However, the industrial court probably plays an important symbolic role, for both prospective business and for labour, emphasizing the

23. The Government has always encouraged foreign investment, but has in the past spent a tremendous amount of time and money pursuing the Regional Integration strategy. Recently, however, it appears to be placing increasing emphasis on the Dependency-Associated Development strategy, pushing Regional Integration to a secondary role.

24. The Government is now heavily in debt, so much so that the World Bank refused loans, unless the Government cuts its size, and reduces spending.

Government's commitment to stability and fairness. Whatever may be the case, there has been some success in creating a working environment favourable to foreign investment.

Foreigners investing in Antigua, whether in industry, the tourist trade, or agriculture, also receive a fifteen year tax holiday and duty concession on the importation of capital items necessary to operate business. Despite these efforts, the role of industry in Antigua has changed little since 1978 when it accounted for 5.16% of the G.D.P. By 1984 this share had only increased to 6.55%. It is true that over 800 new jobs have been created in this sector, but this trend must quicken if industry is to become a route to diversifying the economy away from a tourist based economy. The achievement of an industry led development approach will require new tactics other than incentives and infrastructure development.

Tourism has been the most successful sector under this strategy. Its percentage of the G. D. P. increased from 12.98% in 1978 to 17.68% in 1984. There were approximately 1,500 new jobs created. However, there are some serious side effects to this development. The price of land has increased significantly, and there is surely a strong connection between the recent boom in the tourist industry, and the increase of foreign purchasing of land for the construction of new hotels, condominiums and hotel expansion. In addition, the number of expatriates buying homes in

Antigua has increased significantly. Locals must now compete with the purchasing power of foreigners, and there is great potential here for the marginalization of a large section of the society, and this will clearly have negative long term political, and economic implications.

Both the tourist trade and industry have brought few possible upper level positions to Antiguan. It can be argued here that the level of training of the domestic population is not yet adequate to fill management and middle management positions, and while this may be true to some extent, there seems to be a lack of commitment on the part of foreign investors to hire locally to fill upper level positions.²⁵ Women appear to have benefited the most from the jobs created in both industry and tourism under this strategy. There has been little movement to link the export amenity services sector, with other export services such data-processing.

Agriculture has received little investment, either foreign or local, under the Open Economy which exists in Antigua. There have been some attempts by foreign firms to establish cash crops, such as corn, for export but these have met with little success. At present the Israelis are in

25. The statements made here on the price of land, and the willingness of foreign investors to hire local managers, is not based on any hard statistical data or previous analysis, as the Author is not familiar with any work of this type done on Antigua. Further research on these matters would be useful.

the process of establishing a sizeable operation to produce watermelons, and other such fruit for export.

The major problem with agriculture remains the severe droughts from which the Island has suffered throughout its history. Several approaches have been tried to solve this problem, including dams, wells, and desalination plants. However, these have met with limited success in terms of encouraging export-base agricultural activity. It would appear that the series of false starts, and massive failures of the agriculture sector due to lack of water led to little investment or research into markets, and shipping routes. While the Government is trying its best to improve this situation, the whole agricultural sector, under the Open Economy is highly underdeveloped as investors, both local and foreign see tourism and industry as lower investment risk.

In addition there appears to be some uncertainty on the part of the Government regarding the role of agriculture in the Open Economy. The Open Economy strategy would suggest that agriculture should be based on the identification of a single, or a few export cash crops, in which Antigua has a comparative advantage. However, the Government appears to be stressing self-sufficiency in food as much as possible. This might not be totally inconsistent with this strategy, as part of the market would be

export based because of the selling of produce to the hotels. This approach makes the economy highly vulnerable to fluctuation in the tourist trade, but might allow for greater decentralized small scale food producers if it were not for the fact that hotels, generally require a regular reliable supply of produce, and therefore prefer to deal with one or two large producers or wholesalers, rather than with several smaller producers. Wholesalers selling to hotels must be able to fill orders. Therefore they also prefer to do business with larger producers. Thus the self-sufficiency based approach, which is partly dependent on the larger market provided by hotels buying food locally, will probably eventually lead to larger farms which employ wage labour. If this system were to become efficient enough it might be able to provide the foundation for agro-industry, canning and exporting.

The major decision regarding agriculture given the Open Economy Strategy is whether to concentrate on food production which is linked to the tourist trade, but also supplies the local markets, or whether to concentrate on identifying a few cash crops for export, and develop better shipping and marketing facilities.

The advantages of the tourist-based food production approach is that it can be developed from small scale farming slowly moving to larger scale farms. This gives many people experience in managing and organizing small business, which later could lead to risk taking, and spin-off developments. Another advantage is that the market, in terms of tourism, comes to the Island, and therefore much of the marketing and trucking facilities can be developed locally. In addition, if there is a bad year, imports can be used to make up the loss and without the risk of the Island losing its market position for agricultural produce. The disadvantage is that there is little diversification in the economy and it is therefore, more vulnerable to massive shifts in the tourist trade. A bad year for tourism would have overwhelming negative impacts on the economy.

The advantages of the export cash crop approach is the diversification away from tourism, and increased foreign exchange earnings. With careful planning it might be possible to pursue both approaches to agricultural development under this strategy. The linking of food producing to tourism appears to be the better short run approach, as it allows building on the present situation. The export cash crop approach requires a longer run commitment. The disadvantage is larger initial investment required in research, market, and shipping development. In

addition, the market is overseas, and therefore there is less control over competition. If there is a bad year the overseas market could be completely lost. Also prices will be set on the international economy. Because of a longer time requirement, and greater research, and organizational requirements of export based production, this approach should be developed parallel to, but at slower pace than the approach which links agriculture to tourism. Regardless of which approach is pursued, the organization of land use on the Island is paramount.

In summary, the Open Economy or Dependency-Associated Development strategy is based on relatively cheap labour, which is brought into production by foreign or local investors, to produce goods or services which are exported to the larger extra-Regional markets. The strategy in the case of Antigua is highly dependent on entrance to the U.S. market. In the long run other markets should be developed and access to shipping is an important consideration. The overall advantage of this strategy is the possibility for rapid growth generated by foreign investment, expanse and access to modern organization and business practices, and the possibility for backward linkages. The disadvantages include high dependency on foreign-controlled capital, the chance of inflated land prices due to land effectively being placed on the world market, the probability that few high level

management positions will be created, and a tendency towards larger scale operations in all sectors, which creates barriers to entry by local persons operating small business.

4.6 Choosing the Leading Strategy

The possible impacts of each strategy on the developmental process, and the goals of the Government have already been discussed. In this section the Author will consider which strategy best meets the goals of the Government. This will be achieved by the use of a goals achievement matrix.

4.6.1 The Goals Achievement Matrix

This technique assesses the contribution of each strategy towards achieving the already determined goals. The system used here will weight the contribution using a scale from -2 to +2 as described below:

<u>Rating</u>	<u>Contribution to goal achievement</u>
+2	Very strong
+1	Strong
0	Neutral
-1	Negative
-2	Very Negative

The goals also must be weighted as the achievement of certain goals may have greater priority to the Government. The weighting system uses a scale of from 1 - 3, as described below:

<u>Weighting</u>	<u>Priority</u>
3	Very important
2	Important
1	Less important

The priorities were determined by considering statements made by Ministers interviewed, goal statements in the ruling party's Manifestos, the Five-Year Plan, the 1986 Budget Speech, and the Throne Speech. The goals of the Government are listed below with weights indicating priority:

The weights shown above will be multiplied by the rating of the strategy. The resulting number is shown as the overall significance. This is a new weighting indicating the contribution of the strategy to the achievement of the goals and the overall importance of achieving this particular goal in relationship to other goals. Even though this procedure is mathematically impossible, as the numbers being used represent non-parametric categories, this procedure gives a rough indication as to the overall effect of a strategy toward goal achievement.

Weight x Rating = Overall Significance

I. EconomicGoalsWeighting

To make Antigua as self-sufficient as possible	2
--	---

To reduce unemployment quickly	3
--------------------------------	---

To promote equality of wealth among citizens	2
--	---

To move Antigua from the role of primary producer into secondary and tertiary producer	3
---	---

To increase local ownership and participation in productive activities	2
---	---

To increase productivity	2
--------------------------	---

To create and maintain stable political and social economic conditions for the purpose of attracting foreign and local investors	3
--	---

To increase extra-Regional based industries	3
---	---

To promote the development of new agricultural crops for export	2
--	---

To reduce reliance on the "trickle down" method of income distribution	2
---	---

To achieve rapid economic growth	3
----------------------------------	---

To diversify the economy	2
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II. Natural Environment

To minimize pollution	1
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To conserve scarce resources	2
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To fully protect and exploit waters of the Nation's exclusive economic zone	2
--	---

III. Social Conditions and Services

<u>Goals</u>	<u>Weight</u>
To increase health and safety	2
To provide accessibility to recreational facilities	1
To improve quality of education	1
To increase opportunity of home-ownership for lower and middle income Antiguan	2
To develop rural communities by increasing income of small farmers	2
To improve the democratic process through local government.	1

The Goals Achievement Matrix

STRATEGIES	Self-Reliance			Regional Integration		Open Economy/ Dependency-Associated	
	Overall Rating	Significance		Overall Rating	Significance	Overall Rating	Significance
GOALS							
I. ECONOMY	WL						
To make Antigua as self-sufficient as possible	2	2	4	1	2	-1	-2
To reduce unemployment quickly	3	1	3	0	0	2	6
To promote equality of wealth	2	2	4	0	0	1	2
To move Antigua from the role of Primary to a Secondary and Tertiary producer	3	-2	-6	1	3	2	6
To increase local ownership and participation in productive activities	2	2	4	1	2	1	2
To create and maintain stable social economic conditions for the purpose of attracting foreign investors	3	0	0	0	0	1	3
To increase productivity	2	1	2	1	2	1	2
To increase extra-Regional based industries	3	-1	-3	0	0	2	6
To increase tourism	3	1	3	0	0	2	6
To prevent leakage of tourist dollars	3	2	6	1	3	-1	-3
To achieve rapid economic growth	2	-1	-2	1	2	2	6
To reduce reliance on the "trickle down" method of income distribution	2	2	4	1	2	-2	-4
To establish close Caribbean Integration	1	1	1	2	2	-1	-2
TOTAL			20		18		28

STRATEGIES	Self-Reliance		Regional Integration		Open Economy Dependency-Associated	
GOALS	Overall Rating	Significance	Overall Rating	Significance	Overall Rating	Significance
II. NATURAL ENVIRONMENT	Wt.					
To minimize pollution	1	1	1	0	0	-2
To conserve resources	2	1	2	0	0	-1
To fully protect and exploit the Nation's exclusive coastal resources	2	1	2	0	0	1
TOTAL			5		0	-2
III. SOCIAL CONDITIONS AND SERVICES						
To increase health and safety	2	1	2	1	2	1
To provide accessibility to recreational facilities	1	1	2	0	0	0
To provide a quality education	1	-1	-1	1	2	1
To develop rural communities by increasing income of small farmers	2	1	2	0	0	1
To increase opportunity of home ownership for lower and middle income Antiguans	2	1	2	1	2	0
To improve the democratic process by establishing local government	1	1	1	0	0	0
TOTAL			8		6	6
GRAND TOTAL			33		24	32

4.6.2 Choice of the Leading Strategy

It is recommended that the leading strategy be the Open Economy strategy with the Self-Reliance strategy as a contingency strategy. There are several reasons why the Open Economy strategy is recommended as the leading strategy over the Regional Integration strategy and/or the Self-Reliance strategy. The recommendation is made based on the results of the goals achievement matrix, on the consideration of the present direction and momentum of Antigua's economy, the political climate both locally and regionally, and on the overall trend of the larger world community.

Overall the Self-Reliance strategy has the highest score on the goals achievement matrix. This does not necessarily mean that this strategy is at present the best strategy for the Antiguan Government to follow. First the difference between the overall score of the Open-Economy strategy and the Self-Reliance strategy is statistically insignificant with the difference being only one point.

Secondly the results at all levels of the matrix, that is, both at the sub-category and at the overall level, is only indicative. Since the procedure which produces these numbers is mathematically incorrect, the results only provide a broad indication of the possibility of achieving

goals based on their relative importance. This, therefore only assists in determining the most appropriate decision in terms of strategy selection. The method in itself does not provide the "right answer". In addition it is the results at the sub-categories, or broad sectors which are most important, and here it can be seen that the Open Economy appears strongest in terms of achieving economic goals.

Finally, and most importantly, it will be argued here that the direction of the present Government's policy and the political realities presently in Antigua are such that a move to the Self-Reliance strategy at this point would be counter-productive.

It was argued earlier in this Chapter (Section 4.4), that the Regional Integration strategy was an attempt to provide the basis for the industrialization of the Caribbean. This was to be achieved by increasing the market size available to each island, increasing access to a wider range of resources, and by creating a regional tariff wall which would encourage investors to locate productive activities in the Region. The results however, have been marginal at best. The smaller islands have received few benefits from the process. Also the integration movement never established methods for distributing what benefits did occur toward the so called L.D.C.'s. In the final analysis, the sound logic of the Regional Integration strategy fell prey

to political isolationism, and the unwillingness of island politicians to give up a degree of sovereignty, or to consider short-run sacrifices which would benefit the whole in the longer run. This situation has only worsened throughout the years, and now the political climate within CARICOM is such that few innovative solutions will probably emerge.

The necessary modifications to the system so that the smaller islands can receive greater benefits is highly unlikely. The movement of investment capital to Antigua from other member states has been slow, and there is little indication to show that this trend will change. Further the international transport routes which are now developed to Antigua are stronger than inter-Regional routes. Thus the potential markets for goods and services produced in Antigua are greater outside the Region.

For all of these reasons it is recommended that the Regional Integration Strategy should not be the central strategy, nor the major contingency strategy for the Government of Antigua and Barbuda. It might be argued that Regional Integration was never really attempted, for CARIFTA and CARICOM, only included the English-speaking Islands, and therefore wider Regionalism might have been, and still could be more successful. This seems very unlikely. First many of the non English-speaking Islands in the Region are not independent and therefore could not part - take

in such a scheme. This includes Guadeloupe, Martinique, and Puerto Rico, which are some of the larger, and more economically important Islands. Secondly, it seems unlikely that the inclusion of the non- English speaking Islands would make the regional integration effort any more successful. If the English-speaking Caribbean, with their strong similarity in history, legal heritage, traditions, and culture has had difficulty with integration, it is highly unlikely that the addition of Islands with much wider differences of historical experience, could be more successful.

The present Government of Antigua has been pursuing a more Open Economy strategy over the last six years ²⁶ (See Budget Speech 1986 [56]).

26. It is important to consider the history of the political situation in Antigua in the context of strategy recommendation. The present Government, the Antigua Labour Party, gained power in the late 1930s under the leadership of Mr. Vere Bird. Mr. Bird was the first Antiguan to organize the sugar workers and demand greater wages for these workers. Since then Mr. Bird and his family have been at the forefront of Antigua's politics. With the exception of one term of office, Mr. Bird's party has won every election since there has been universal suffrage on the Island. Today two of his sons are Ministers of the more important Ministries: the Ministry of Economic Development, External Affairs, and Tourism, and the Ministry of Internal Affairs. The Government of Antigua is a large employer, employing over 27% of the work force. At present it would appear that this political party will probably regain power in the next elections. Thus it is important to consider this party's present policies, and administrative stance when recommending policy.

In doing so the Government has expended much effort, and money in the attempt to attract foreign investors to the Island, to build up the Island's tourism trade, and to diversify Antigua's international relations. Local administrators and decision makers are now beginning to increase their understanding of operating within such an economic structure. This is also true of small business persons. These factors, and the fact the tourism is increasing rapidly world wide, but particularly in the Caribbean, suggests that a shift away from this strategy at this point, would have a high cost. In addition the results of the goals achievement matrix indicate that the Open Economy approach has at least an equal opportunity of achieving the Government's overall goals, as does the Self-Reliance strategy. In fact the Open Economy strategy appears to be more successful at achieving the Government's economic goals rather than the other two strategies. For these reasons it is recommended that the Government continue along its present path of promoting the Open Economy strategy as the leading strategy. A major change in direction at this point may be costly and difficult, and by breaking the momentum it may reduce or remove the "pay-off" of years invested in developing the Open Economy strategy.

The negative aspects, and the weakness of this strategy must, however, be considered. As discussed earlier in this Chapter

[Section 4.5] the Open Economy strategy leaves the Island highly vulnerable to forces external to the Island. Closure of overseas markets, or a recession in the countries from which most tourists come, namely Canada and United States, could cause a major decline in the Island's economic development. In addition, the Open Economy strategy appears less likely to be able to achieve the Government's goals in the sectors of social services or in the environmental sector. It is recommended therefore, that the Government begin to develop the Self-Reliance strategy as a contingency strategy.

In the event that the Open Economy strategy fails, an alternative approach for development should be present and in place, to be able to achieve this state of readiness. Many aspects of the Self-Reliance strategy must have begun to be implemented. In doing so, it is possible that many of the Government's non-economic goals could be achieved while it aggressively pursues economic growth under the Open Economy strategy. The approach of maintaining a contingency strategy reduces the possibility of total economic collapse if for some reason the Open Economy approach is not successful.

4.7 Summary

From the discussion in Chapter Three it is clear that small nation economies are highly susceptible to global and economic and political events, over which they have little control. Their ability to manoeuvre is limited. The three strategies discussed in this Chapter represent the range of alternatives generally available to small nations. The choice of a strategy by Government depends a great deal on their social, political and economic developmental goals. Each strategy has the ability to best achieve certain specific goals. Also there is the possibility that some of these goals could be achieved using any of the strategies discussed, and only the methods employed by the strategies differ. Thus choosing a strategy also depends on considering the results of the methods which will be used for goal achievement, and the resulting political and social consequences of employing these specific methods.

The goals listed in the beginning of this Chapter indicate that the existing Government of Antigua has a wide range of goals, from rapid economic development and the increase and maintenance of the democratic process, to equality and greater self-sufficiency. None of the strategies discussed can successfully achieve all of the Government's goals, in the short-run.

A combination of strategies would be required for all the already stated goals to be met. Thus there are three major factors to consider in choosing a strategy. First, it is necessary to determine which of the goals are the major priorities of the Government. The second consideration is deciding which strategy is best suited to the existing situation for achieving the goals. Finally there has to be a decision of how the less important goals might be achieved, and which of the alternative strategies can be best developed as a contingency strategy to be co-ordinated with the chosen primary strategy.

Reviewing the 1986 Budget Speech and Throne Speech, it is clear that rapid economic development, greater employment opportunities and increased self-sufficiency are the major goals of the present Government. The primary strategy of achieving these goals appears to be the Open Economy, Dependency-Associated strategy, which encourages foreign investment essentially in tourism, and export-based industry.

Under the present regional and global situation this is probably the most appropriate strategy at the moment. CARICOM is facing increasing problems, and the present American administration, judging from the Caribbean Basin Initiative, seems more interested in trade rather than direct aid. In addition the world tourist trade continues to grow, and

is expected to become one of the world's leading economic sectors by the year 2000.

While the strategy chosen to meet the goals appears to be the best, given Antigua's situation, its execution, and implementation may need refining and modification. The problems of following this strategy in its purest form have already been discussed, but are reconsidered here.

A major problem is the increasing price of land and the possibility that if land remains on the "open world market", that the Government's goal of increasing home ownership by middle and lower income Antiguan is in great jeopardy. Clearly this aspect of the strategy should be reconsidered, as this could also have implication for the goals of democracy, and socio-political stability. The success of this strategy in attracting substantial industry to Antigua based on its size, present level of experience, and training of its labour force is questionable. Many firms in various industries prefer a more heterogenous labour force than Antigua's for longer term operations. In addition firms often need to be able to transfer staff with particular skills, managerial or otherwise, from one part of their operation to another. This allows them to remain efficient and productive. The ability of firms to transfer specialized staff in and out of

Antigua, either Regional or extra-Regional would certainly be an important consideration for firms locating in the Island.

There is a need under this strategy to identify the types of desired activity in each sector. For example, which sector of the tourist market will be targeted, what firms would be best suited to Antigua, and is agriculture production going to be export-based, or self sufficient? The possibility of expanding the export service sector beyond that of tourism is an important consideration under this strategy.

There is a need to have a contingency strategy to achieve the Government's other goals because the primary strategy of an Open Economy is so dependent on access to foreign finance, markets, and favorable economic conditions. Given the present situation in Antigua, another outward looking strategy such as the Regional Integration strategy would not be useful as the major contingency strategy. The goals of increased community development, development of local government, and increased income to smaller farms, can best be met through the principles of the Self-Reliance strategy. This strategy should be kept active as it provides an excellent "safety net", in the event of circumstance which might cause a major failure of the primary strategy.

Chapter Five

Recommendations

5.1 The Present Planning Process

The formulation of an overall development strategy, tends to emerge through informal channels of communication and decision-making in Antigua. There is no specific Government body which is in charge of strategy formulation, and as such, informal communication, Antigua Labour Party debates, and Cabinet discussions are probably the source of the overall development strategy formulation.²⁶ The most important sources of overall strategic policy statements are public political speeches made by senior Ministers, primarily the Minister of Economic Development and the Minister of Finance. Generally, the Ministry of Finance's yearly budget speech is the most significant statement of overall strategy policy.

While strategy formulation tends to remain with the political party, project identification and implementation is more structured and has greater direct input. Each Ministry has a person or a group of persons involved in the planning, implementation and

26. It is assumed that there is a developmental strategy in Antigua, and therefore the above process is the formulation process. The basis for this assumption is the fact that the Government does put forward a strategy in its Five-Year, Socio-Economic Plan. However, this strategy statement does not appear to have an overall framework such as the strategies discussed in Chapter Four, and the Five-Year, Socio-Economic Plan makes no mention of the Plan formulation process, therefore it is possible that there is no overall strategy for development in Antigua.

monitoring of projects. The Economic Planning Unit (E.P.U.), under the Ministry of Economic Development Foreign Affairs and Energy and Tourism, is responsible for recommending to the Cabinet which projects should gain approval, and how they should be phased. Thus each Ministry should submit its proposed projects to the E.P.U., which then forwards recommendations for approval to Cabinet. Cabinet then makes a decision as to which projects should be implemented .

The other major planning organization that makes recommendations to Cabinet is the Development Control Authority (D.C.A.), which is under the Ministry of Labour and Housing. The D.C.A. is responsible for land-use decisions, and usually prepares a land-use guide for approval by Cabinet. This guide becomes the basis for land development, and each proposal passes through the D.C.A .which makes recommendations to Cabinet for approval after a case study.

The D.C.A. is controlled by a board, which is made up of representatives from the relevant Ministries, including a member from each of the E.P.U., Public Works, Health, the Land Office of the Ministry of Agriculture, Land and Fisheries, and two members of the community. The structure of this board represents an effort to achieve greater formal links between Ministries, and the overall planning process.

5.2 Weaknesses and Strengths of the Present Planning Process

One of the major advantages of planning in a small nation is the ability of decision-makers to communicate quickly with one another, with the resultant possibility of reaching a consensus with less difficulty than in a larger country. This type of situation allows for rapid shifts in strategies, and flexibility which may be invaluable for taking advantage of opportunities, correcting mistakes, and avoiding potential catastrophes. The decision-making system in Antigua is based on such an informal structure, and can achieve these advantages. However, there appears to be a number of weaknesses. While the existing structure does allow flexibility, it is deficient in its ability to transfer information at the bureaucratic and technical levels. Communication of data between Ministries in general is quite poor, and often research is financed by one Ministry, when a similar study containing much of the required information, has already been completed by another. The Department of Statistics, has been quite effective in gathering data from all Ministries, and the various economic sectors, and the general population. However, there is no record of the many independent and non-governmental funded studies which have been conducted through numerous Ministries and Government departments over the years. Government leaders are clearly aware of this problem, and some

Ministries, such as the Ministry of Agriculture, Lands, and Fisheries are making serious efforts at recording and cataloging reports, but the inter-Governmental communication problems remains.

The Five-Year, Socio-Economic Plan prepared by the E.P.U. for the purpose of guiding the planning process, appears to be weak in its ability to perform this function for several reasons. Firstly, the plan does not seem to reflect any defined overall strategy. Several strategies are outlined at the start of the plan, but they are rather general Government policy statements, which do not provide any framework that Ministries can use to identify or develop programs and projects. The "plan" itself is a collection of proposed capital expenditure projects submitted by each Ministry, and there is no prioritization of the proposed projects. In fact the overall plan has the appearance of several plans each prepared individually, then put together as a report, each having their own goals and strategy statements, with the appearance of little overall co-ordination.

A second weakness of the plan lies in the area of implementation. There appears to be recognition by the authors of the need to make the funding of projects, be it from local or external sources, dependent upon submitting proposed projects for approval through the co-ordinating body, the E.P.U. However, the E.P.U., which is technically the

overall planning body, has no direct control of funding. Its only means of penalizing Ministries which do not follow the prescribed process is to recommend to the Ministry of Finance that funds be withheld from those projects which have not been approved by the E.P.U. In effect it has little ability to actually co-ordinate or implement projects.

A third weakness of the plan is its lack of recognition of community and service groups, which might be useful in implementing some small scale projects, and in providing feedback to the planning body regarding the success and problems of certain projects. The mobilization of these resources could be critical to the long-run success of community-based projects.

In summary, the system of an informal, and party-centered decision-making process for identifying opportunities and forming strategies, may be useful and effective in small nations, increasing the efficiency of the the process. However, without an implementation process within the bureaucracy with good inter-Ministerial communication, and without some form of direct control of projects, effectiveness inherent in the flexibility for identifying strategies at the decision-making level, might be lost.

5.3 Improving the Strategy Formulation and the Implementation Process

The present strategy formulation and implementation process in Antigua was described at the beginning of this Chapter. The recommendations here should be considered to improve co-ordinating and effectiveness of the process.

There is a problem of fragmentation which exists in the present Government organization, in terms of several Ministries controlling some aspect of the same resource. For example, the Ministry of Agriculture, Lands and Fisheries, is responsible for the leasing and selling of lands, but the Ministry of Housing and Labour is responsible, through the Development Control Authority, for land-use guidelines and land-use approval.

5.3.1 Recommendations

- 1) Careful consideration should be given to greater rationalization of administrative duties of Ministries so as to prevent inefficient use of resources. In the case of land management, it would appear that all matters dealing with land-use and development should fall under the Ministry of Agriculture, Lands and Fisheries. The D.C.A. would have greater direct access to information regarding land usage, potential environmental problems, and land capability if located in the suggested Ministry.
- 2) The Ministry of External Affairs, Economic Development, Tourism, and Energy should engage in a study to identify where overlap exists in the present administrative structure, that may impede the planning process. Recommendations of changes should be forwarded to Cabinet for approval.

3) The overall development strategy should be clearly stated, so that it is widely understood throughout all Government Ministries, Departments and other Government funded bodies.

4) The strategy should form the basis of Five-Year Socio-Economic Development Plans, and all projects indicated by planning units in Government Ministries should be consistent with the strategy.

5) The strategy formulation process should be more structured so as to achieve the widest possible input from Government employed professionals, planners, and technicians. This will widen the general understanding among Ministries and Departments as to the purpose of their actions, which should increase commitment, and communication within, and between these bodies.

The following steps are suggested:

i) The E.P.U. the Ministry of External Affairs, Economic Development, Tourism, and Energy should be responsible for the formulation of possible strategies for achieving the goals of Government.

ii) These strategies should be circulated to all Ministries for comment. The planning units of each Ministry, in consultation with the relevant Ministerial departments, would analyze the implications of the strategies for each of the Ministries. Each Ministry would then make recommendations to the E.P.U. regarding the choice of a strategy and its possible effect on the sector for which that Ministry is responsible.

iii) The E.P.U. would analyze results, compile information and data, and report to Cabinet on all strategies, recommending one. This report should include recommended projects and indicate project priorities.

iv) Cabinet would choose a strategy, making changes where necessary, including the prioritization of projects.

v) E.P.U. would publish the strategy including a list of priority projects as the Five-Year Plan.

vi) E.P.U. would monitoring and scan to identify strategic effectiveness and the possible need for strategic change.

6) The strategy and plan implementation process should be well co-ordinated to prevent unnecessary duplication, and waste of valuable resources. There are three suggested means which might improve implementation and co-ordination.

i) The E.P.U. is relocated to the Ministry of Finance, and has complete control over funding approval for all Government projects related to the achievement of the Five-Year Plan.

ii) A new Ministry of Planning is established, and the E.P.U. is relocated to this Ministry. A senior Minister is placed in charge of this Ministry, and all projects are funded through this Ministry. This would indicate high commitment on the part of the Government to planning, and would enable a sophisticated system of strategy formulation, long-term scanning, international aid-seeking, feasibility studies and project identification to be developed. ²⁷

iii) The present system is modified and enforced. Under this approach the E.P.U. remains in the Ministry of External Affairs, Economic Development, Tourism, and Energy, and has enhanced responsibilities. Once the Cabinet has approved the strategy and Five-Year Plan, all projects in other Ministries must be approved by the E.P.U. based on the criteria outlined in the strategy, such as project type, priority and phasing. The Ministry of Finance would not release funds for projects unless the E.P.U. had approved the project, and the E.P.U. would be involved in assisting Ministries to seek international aid funds where necessary. This is the system which now exists, with two exceptions. The first difference is, that this proposed system is slightly more streamlined, in that once the plan has been

27. This is the structure which existed in the previous Government of Barbados. The Prime Minister headed the Ministry of Finance and Planning. It would appear that it was very successful at achieving co-ordination and strategy implementation.

approved by Cabinet the responsibility for project approval rests with the E.P.U.. This removes the need for Cabinet to review all projects. The second difference is that unlike the present system which only "suggests" to the Ministry of Finance which projects should receive funding, the proposed system involves the E.P.U. directly in the process of project funding. The release of funds from the Ministry of Finance for projects would require that the E.P.U approve the project before the Ministry of Finance could be approached for funding, thereby removing any possibility that funding will be provided for projects which do not mesh with the plan. If this recommendation were followed there would be a clearer concept by all Ministries of both needed and probable projects, which should increase communication between Ministerial Planning Units and the E.P.U.

The probability of the Government accepting the first two recommendations as a means to solve the problems associated with the co-ordination and implementation process is quite low. The first solution, which suggests that the E.P.U be relocated to the Ministry of Finance, would require the senior Ministry of Economic Development, Industry, and Tourism, to release influence over the E.P.U.. While the Cabinet and many Ministers, including the Minister of Economic Development, might argue that this is a wise move in terms of achieving better co-ordination and implementation of

plans, there is likely to be resistance for political reasons. It is the Author's opinion that these "political reasons" are likely to be the deciding factor, and therefore the chances of this recommendation being accepted are low.

The recommendation that a new Ministry of Planning be formed is highly unlikely to be accepted at the present time. The Government is beginning to come under increasing pressure from international aid agencies and banks, particularly the World Bank, to reduce Government size and spending. The ability and the willingness to form a new Ministry even one devoted to planning is probably quite low at the moment.

If for some reason such a Ministry were formed, it would have the potential to improve demonstrably the Government's ability to attract foreign investors and aid funds from international agencies. The long run benefits of such a Ministry might far outweigh the cost, particularly if the Ministry were not allowed to expand its staff continuously. A senior Minister, a few well trained planners with access to relatively low cost capital equipment (which could probably be purchased with funding from international aid agencies) and the necessary support staff, could make an effective difference in co-ordination, plan formulation, project identification, and communication with international planning agencies and investors.

The recommendation that the present project approval system be modified has the greatest chance of receiving favourable consideration by the Government as it does not change the existing structure, it builds on the present process and it is clearly the most immediately cost-effective. Cabinet would have to transfer its case by case consideration of projects over to the E.P.U., and the E.P.U. would use the Cabinet's approved plan as the guide for decisions. This would reduce the politicians' already heavy responsibilities. However, Cabinet would have the final decision in cases of dispute regarding plan interpretation, which may occur between the E.P.U. and other Ministerial Planning Units. Overall, if this recommendation were implemented it would go a long way towards solving existing problems of co-ordination and effective implementation.

5.4 Recommendations for Implementation of The Suggested Strategy

1. The strategy advanced in Chapter Four proposed maintaining the present direction of the Government, keeping the Open Economy, or Dependency-Associated Development, as the lead strategy, but with greater consideration given to the identification of the negative factors which might be associated with this approach.

2. It was also suggested that the other two strategies discussed should not be completely abandoned. In fact, the Self-Reliance strategy should be followed as a contingency strategy, so that the structures which are likely to be developed, would be in place and functioning in the event of a crisis affecting the lead strategy of Dependency-Associated Development. This strategy would also prevent total reliance on the "trickle down" approach in bringing benefits to lower income groups.

5.5 Attracting Export Industry

Attracting export oriented industries is an important part of the Dependency-Associated Development strategy. The present Government has recognized this, and has taken several positive measures, including the establishment of an industrial site close to the airport, which has the necessary infrastructure such as water, electricity, and some factory shells. The existing incentives, which have been standardized under CARICOM throughout the Region, are extensive and include a 15-year tax holiday and duty-free importation of items necessary for production. The incentive package is very attractive. In addition the Government is presently preparing to publish a booklet for prospective investors, explaining the procedure for establishing operations in Antigua, and identifying possible

sources of financing. The following recommendations are designed to improve to the effectiveness of the policy to attract industries to the Island.

5.5.1 Recommendations

1. The Government should evaluate and identify the types of industries which are most suitable to Antigua, and which can successfully establish export operations given the existing infrastructure, labour skills, and labour force structure. Priority should be based on desirability, the possibility for immediate establishment without further infrastructure expenditure, the potential for employment generation, and the long-term stability and growth potential of the industry. The negative physical environmental impacts, and the environmental compatibility of the industry with tourism are also factors which should be considered. This list of industries should be included in the booklet which is already being prepared by the Government.
2. A small team of professionals trained in the operation and marketing needs of priority industries should be developed. This team would carry out research, examining what factors these firms consider attractive or negative about locating in Antigua. Correcting the identified weaknesses should become a major part of Government development action, and might include labour force training programs, increasing the number of available shipping routes and the ability of firms to transfer staff in and out of Antigua. Members of this team should be involved in direct soliciting of selected firms, and several team members should have a second language

skill, particularly in Spanish and/or French. The team should be in the same Ministry as the Economic Planning Unit (which is presently the Ministry of External Affairs, Economic Development, Tourism and Energy) and the Team Leader should have direct access to the Minister.

5.6 Labour and Industry

The skills necessary for the priority industries should be developed in the labour force. The Government has already begun this process, and while the education system may require structural changes, it presently offers universal access to education at the elementary level, with most children in villages having easy access to elementary schools. Recently industrial training courses have been introduced, but only to a few secondary schools. While this is a significant step, the program needs extending. The majority (80%) of school graduates only complete elementary school and two or three years of high school.

5.6.1 Recommendations

1. Industrial courses should be introduced during the last two years of elementary school, and it should be possible to continue these at high school. At the elementary level these courses should not be full time and might only account for a half day to one day per week. The purpose would not be to complete industrial training at this level, but to provide skills and concepts which would enable rapid learning at a later stage. Introduction of these concepts at the elementary level would also increase the number of

students who receive exposure to industrial concepts. The staff involved in designing curricula should rely heavily on local expertise such as the mechanic or radio technician at the village level. This might eventually be expanded into an apprenticeship system, and might lead to the establishment of village-based industries. This would generate greater discussion of these skills among villagers. Persons involved in more complex technical operations, such as people working for the telephone sector of the Antigua Public Utilities Authority (APUA), or other international telecommunication services should also be included in such a program.

2. Industries locating in Antigua should be encouraged to participate in a joint training program with the Government and schools. Firms should provide paid leave for a few hours each week for staff training. Government would then reimburse companies for this time, which could be spent in productive activities at the plant, as long as it provides upgrading of skills and experience. Most firms clearly recognize that training and experience lead to increased productivity. A system such as this would allow upgrading of their work force at a minimum cost, increase their productivity, and lead to improved labour relations. It is also clear that management and unions globally are recognizing the need for a less confrontational approach to production and it is likely that this method of upgrading workers' skills would be a positive element in labour-management relations.

3. Firms should be encouraged to promote local employees. One of the ways Government might accomplish this is to provide funding to firms for time spent training local persons for managerial positions. This funding could be

provided in the form of an outright grant or by further reducing taxes and duties on imported materials in the amount that matches the cost of training. Another method is the reduction of the cost of local inputs, such as water or electricity. These are only a few examples of methods which might be used to encourage firms to promote local staff. Clearly the most cost effective method would have to be determined. Any chosen incentive method should not be provided to the firm until the promotion of an Antiguan has been completed.

5.7 Industry and Community Development

The discussion in the last section indicated some ways firms could participate in community development through training programs. It is also important, however, to look at methods which might motivate local entrepreneurs, or leaders at the village level to establish or initiate productive activities that generate employment, and utilize local resources. This type of activity falls under the "Self-Reliance" or inward looking or bottom-up strategy, which was discussed as being an important approach to keep in reserve because of the vulnerability of the small Island nation to possible effective isolation.

5.7.1 Recommendations

1. A similar method of the identification of possible activities which might be developed in various villages based on local skills and available materials, should be established. A Government-based team should be

developed to study the kinds of industries that can be established at a small scale, and to develop the expertise in organizing and introducing these activities to villages in Antigua. Feasibility studies as to the potential success, and input factors which are important, would be conducted by this team. Activities which might be considered have already been discussed under the Self-Reliance strategy. This team should also identify situations under which these types of activities might best function if they were based on a co-operative structure. It is possible that this team could be part of the already existing Economic Planning Unit.

2. In the case of co-operatives, local village leaders such as the organizer of the village football team, or the leader of the church groups, should be approached to assist with organization and management. ²⁸

5.8 Industry and Transport

The movement of goods to port, and overseas shipping are clearly both important. A good road system already exists in Antigua, and the port facilities, the deep water harbour and the airport are all quite modern. There is some difficulty with storage of containers at the seaport.

28. It should be noted that this approach would be attempting to promote co-operatives from above. Often this is not a successful approach to achieving co-operation at the local level. Co-operatives which function best are often those which form spontaneously at the local level, in response to a particular problem or situation. However, if this type of co-operative does not appear Governments may wish to attempt to encourage their development. In such cases it is important to identify the local leaders of various organizations existing at the local level, as often these people can be important resources in establishing co-operatives.

5.8.1 Recommendations

1. The road system should not be expanded any further; instead the present system should receive greater maintenance and where necessary be upgraded.

2. The storage facilities at the deep-water harbour require upgrading and redesigning. Expanding the fenced security area towards St. John's might be required, based on reclaiming land where necessary. It is important that the design of the storage area take into account the mixed-use of the harbour, as thousands of visitors arrive by cruise ship each year, and the harbour is one of their first impressions of Antigua. A clear compartmentalization of activities at the harbour is necessary with a professionally landscaped arrival area for tourists. Tourists with possible business interests should be able to recognize the efficient organization, and management of the harbour for movement of both goods and people.

3. The Government should explore the possibility of gaining access to European shipping routes. There are marine shipping lines (Compagnie Generale Maritime [CGM]) which run regularly from Guadeloupe (which is approximately 97 kilometers south east of Antigua) to France. Once goods arrive in France they can be trucked in a matter of hours throughout Western and Central Europe. Access to these lines would open up new possibilities for markets and possible new sources of investors.²⁹ This would also reduce the risk involved in the Dependency-Associated Development strategy, in the event that access to the U.S., Antigua's major market, is lost

29. There is a possibility that an envoy of two or three French-speaking professionals to Guadeloupe or France to discuss this matter, might lead to sources of assistance in establishing such a network. The concept of language being a major barrier in such ventures must be overcome.

5.9 Tourism and the Service Sector

Tourism is already the most important economic activity in Antigua, and foreign investment has played a large role in its rapid development. As already discussed, the major benefits to the Island are in the form of guest taxes, service taxes, direct employment in hotels, and services demanded by visitors, such as restaurants, taxis, hired cars, travel services from agencies, and souvenir retailing. Overall there is a high leakage of tourist dollars through the repatriation of profits and in the importation of many input items for hotels and general tourist consumption. In keeping with the suggested strategy, the following recommendations are geared towards maintaining a successful tourist trade, extending present services, identifying new possible tourist activities, reducing leakages of tourist dollars, increasing the beneficial effect of tourism on community development, and creating new opportunities for greater domestic participation in tourism-based activities.

There are three basic approaches the Government can take to increase growth in the tourist Industry:

- I) Widen its market penetration;
- II) Develop its present market;
- III) Develop its tourism product.

5.9.1 Widening Market Penetration

The tourist board of Antigua has been aware of this approach for some time. The major market for Antigua is the U.S.A. and the Government has attracted two major U.S. domestic airlines, Eastern and American to include Antigua in their routes. This allows tourists outside from further a field than the major markets of New York to connect easily onto flights going to Antigua.

5.7.2 Recommendations

1. Encourage cheaper competitive holiday packages from the mid-West and Western Region of Canada and the U.S. through negotiation with hotels and airlines. Incentives might include rescheduling landing fees for airlines participating in such a program.
2. Develop small, less expensive hotels and guest houses to attract more middle-income tourists from the major markets should be encouraged.
3. Develop more effective approaches to increase Antigua's profile as a tourist destination. Recently the Government has become more involved in placing ads in newspapers and special interest magazines, but due to the expense, advertisements have largely been left to airlines, hotels, foreign travel agencies and other private organizations. It is possible that the Government might encourage these private businesses operating in Antigua, to put a higher percentage of their profits into advertizing in these geographical areas, and prioritize media for increasing tourism.

5.7.3 Developing The Present Market

Many hotels in Antigua already claim to have a high return business. Increasing this return clientele still further would represent a significant development of the present market. This type of tourist clientele is often more sensitive to its host, and therefore provides a greater opportunity for building stronger relationships between locals and tourists. Also, this type of clientele tends to spend more on locally produced goods and services, and often brings friends or family on future visits.

5.9.4 Recommendations

1. The Government should identify means of giving the tourist incentives to return again. Examples of this type of incentive might include a reduced taxi ride from the airport to the hotel, or a reduced glass-bottomed boat ride. The incentives could be progressively increased for returns up to a predetermined figure. Negotiations may be entered into with hotels to identify ways in which hotels might agree to participate in providing such incentives.

5.9.5 Developing The Tourism Product

To some extent this process has been taking place in Antigua, with the establishment of night clubs and casinos, increasing the range of watersports, the rehabilitation of Nelson's Dockyard and other historic sites, and the creation of the English Harbour National Park. However, Antigua still remains pretty much a "sun-bathing" tourist destination.

5.9.6 Recommendations

1. Further work needs to be undertaken in the field of historic site and architectural restoration, particularly in St. John's and the inner Island. Historic sites as tourist destinations are becoming increasingly important, and Antigua should use its rich historical heritage to become one of the more important historic tourist sites for people with a knowledge of British history. ³⁰

2. Antigua should establish facilities for conferences and attempt to develop this aspect of its tourist trade. New York is only four and one half hours away by air, Miami three and one half hours, and Puerto Rico is less than an hour away. The telephone and telex systems in Antigua work well. Therefore communication with home office would not be a problem for business people attending a small to medium-size conference held on the Island. However, if larger conferences were to be held it might be necessary to upgrade the telephone system, which in the case of Antigua, should not be a significant problem. What is really needed is a well designed conference facility, with a professional presentation hall and trained support staff that

30. For a more detailed study in this field see upcoming work by Sharon Thomas on identification of significant architectural forms in St. John's and recommendations for heritage planning and tourist development in Antigua.

can provide office support services such as receiving dictation, word processing, photocopying, and other office functions. A facility such as this should be located relatively close to the airport, a good beach and in an area with an existing high density of hotels, restaurants, and entertainment services. The government owned, but privately run Halcyon Hotel, is an excellent location for such an activity, as it meets all of these criteria. Staff who already have training in management and are currently employed at this facility should receive further training in the organization for running conferences. The structure and design of already successful conference facilities in North America particularly in the Caribbean Region, should be studied by a task-force comprised of members from the E.P.U., the Tourist Board, the Chamber of Commerce, and the Government employed architect.

5.9.7 Export Services

A type of export service activity which has not yet reached Antigua is data-processing. With Antigua's excellent telephone services, and communication systems, it is an activity which could well be attracted to Antigua. Barbados has been successful in attracting American Airlines to locate its complete ticket-processing in Barbados, bringing with it one thousand jobs. This type of activity requires a female labour force with at least high school education and some experience either with typing or computer keyboards.

5.9.8 Recommendations

1. It is recommended that the Government begin training a labour force in these fields, and approach firms which might require these types of services directly. These would include a wide variety of firms operating in and along the Eastern Seaboard of the U.S., such as insurance companies, airlines, shipping companies, and other firms which require large amounts of data entered into computer systems, and which can be transmitted via satellite communications.

2. The Ministry of Education should purchase inexpensive entry-level computer systems such as the Commodore C 64 which can be bought for under U.S. \$300.00 per unit, and begin developing these skills among young people preparing to enter the workforce. Night training programs for adults already employed in sectors which might use these system in the future should be established.

5.9.9 Tourism and the Environment

It is common knowledge that a well kept, attractive environment is an essential component of a successful tourist trade. The Government is aware of this fact, and it has introduced legislation to this effect. However, environmental degradation continues to increase. This includes poor disposal of solid waste, increased littering, beach degradation, and in some cases complete beach destruction as sand is removed for construction purposes. Pollution of swamp areas close to

hotels continues to occur, as does the dumping of sewage in the ocean right on beach fronts. The reputation of having a polluted environment can destroy the tourist trade rapidly.

5.9.10 Recommendations

1. Beaches should be viewed as long-term, non-renewable resources, and sand for construction or other purposes should, under no circumstances, be taken from beaches. Bottom sand from the ocean should be used for these purposes, and feasibility studies should be conducted to investigate the best method for procuring this resource.

2. Specific items capable of being economically recycled should be identified. This is an activity in which there appears to be no existing expertise on the Island. There are, however, a number of specialized firms which deal exclusively with waste removal, recycling, and management. One such firm has recently completed a study for St. Eustatius in the Dutch Antilles, and has gained much experience in designing systems for Islands. A firm such as this could quickly identify which items are recyclable, which have alternative reusable potential, and how waste might be included as inputs in the general productive structure of the Island. Systems recommended might include the payment for valuable salvage, such as bottles, scrap iron, usable car parts, etc. This material might then be marketed off-island on a break even cost basis. Even if such a system were subsidized, it might be less expensive than the the long-run cost of continued dumping and pollution on the Island. A system such as this would provide some employment, while achieving the specific goal of maintaining a clean environment.

3. Highly visible polluted areas, should be cleaned up immediately, as the negative effect on the tourists is quite marked. One such problem which requires immediate attention is the salt pond to the east of Runaway Beach. This pond at times gives off a stench which is very noticeable to visitors staying at one of the many hotels, guest houses or condominiums along Runaway Beach. Although it is possible that the pond is not polluted but, that in fact, the bad smell derives from crustaceans dying due to the heavy rainfall which periodically fills the pond, the resultant effects must still be regarded as an environmental problem, which might damage the tourist trade. Serious consideration should be given to a long-term solution to this problem. One such solution might be the reclaiming of this land, should this pond is found to be of no particular ecological value, as it lies in a high land rent area.

5.9.11 Tourism and Community Development

At present tourist activity is confined to the coast and St. John's, which means that most Antiguan workers must commute to these areas.

5.9.12 Recommendations

1. Inland guest houses and hotels should be encouraged. Sites such as hill tops with inland and ocean views represent a resource which could be developed as an alternative to beach front resort development. The D.C.A. working with the C.H.P.A. and the E.P.U. should identify a few particularly good sites for this type of use. Existing plantation houses in sites such as

these, represent good opportunities for this type of hotel or guest house. Areas and sites should then be zoned specifically for this type of use, and infrastructure, water, electricity, drainage, and partly paved roads constructed to these sites by the C.H.P.A. A project of this type might be accomplished with international aid. A small assistance fund should be established by the Antigua Development Bank to assist local investors wishing to develop these sites. The layout of each site should accommodate a number of hotels or guest houses if possible, and they should share common facilities such as a pool, a small park area, a gift shop, and a common access road. The development of these hill top sites should start on a trial basis, with one or two sites which are within walking distance to St John's, and/ or a short walk to a beach, being the first to be developed. This approach to increasing local investment in the tourist industry might also be used for beach front development. Small beaches with the potential of being developed in this manner should be identified, and joint facilities, such as those described for the hill top sites, should be developed. In the case of beach front development these hotels should be sited away from the beach. A beach park should be developed by the Government along the beach.

2. Tourists should be encouraged to visit villages, and view local artisans and manufacturers of art and craftwork. This could be achieved by identifying productive activities in villages, and establishing weekly or bi-weekly tours to these locations from the major hotels. This would increase the possibility of goods being purchased inland at villages, and therefore it might encourage the establishment of new handicraft activities such as the production of wooden plates, and cups. In addition, village tours could increase the rapport between tourists and locals by adding another

activity for both. The Government might provide funds for craft activities which already exist and which could expand into full-time business such as the production of steel pan musical instruments.

3. Small guest houses, which are extensions of people's homes should be encouraged in villages. This could be achieved by providing room building subsidies. People willing to invest in this type of operation would apply before starting construction, and a Government inspector would then examining the site and make a decision as to the suitability and potential of the location for this type of business. Once construction of the one or two rooms is completed, the owner would then apply for the subsidy, which could be a percentage of the cost of construction. The subsidy would be released once the rooms had been inspected and found to meet standards set by the Government. This new type of accommodation should be included in the guest accommodation brochure which is published by the Government.

5.10 Agriculture, Land and Fisheries

This sector of economic activity is extremely important for developing and utilizing local resources, and establishing linkages with other economic activities in Antigua. As discussed in the previous Chapter, this sector would form the basis of the Self-Reliance strategy, which was recommended as the major contingency strategy.

Many positive steps have already been taken towards developing the Self-Reliance strategy, by increasing the role of agriculture

and fisheries. Recently, the Government in conjunction with the Organization of American States (O.A.S.), has undertaken a Natural Resources Assessment project, which includes a human settlement study, an existing land-use study, a land tenure reform study, and a soil survey update and capability study. ³¹ In addition, the Ministry of Agriculture has increased and modified its extension service, which now provides technical support, a weekly radio show on farming techniques, problem-solving advice, specific farm inputs, and some marketing assistance. The extension system divides the Island into six sectors, each area having a resident extension worker. In Chapter One, the author has already discussed livestock, fishing, and the type of crops which are currently being promoted. Recommendations will be made here regarding measures which will assist in achieving greater self-reliance, increasing efficiency, and improving linkages with other sectors.

5.10.1 Land and Agriculture

The point has been made several times throughout this document, that land-use in a small Island requires careful planning and

31. At the time of writing the overall report of these studies has not yet been released.

organization. In an Island such as Antigua, land is the only significant natural resource, other than human resources. The protection of the best agricultural land is essential, as is efficient use of land.

5.10.2 Recommendations

1. A strong and effective land-use policy, based on a systematic analysis of land-use needs, development goals and strategy should be a major priority of the Government. This policy should recognize that land is the greatest heritage of Antiguan's and Barbudian's, and their continued access to its usage should be a major consideration in policy development. The following are some suggestions of factors which might be included in such a land-use policy:

- i) Clearly categorization the various types of land-use needs.
- ii) Land used by foreign investors should not be sold to them, but should be leased based on a strong non-reversible contract for a given period after which the lease can be re-negotiated. The period should not be for 99 years, but should be a reasonable period of time for a business to have successfully established itself and partially amortized the investment. This might be co-ordinated with the 15-year tax free incentive. The leasing of land to foreign business is important so as not to have land prices in Antigua inflated to world market prices which could possibly lead to

alienation of Antiguan from agricultural, business and residential land. The long term political and economic consequences of this could be socially destabilizing. The leasing of land lowers the initial amount necessary for starting a business, and therefore the leasing of land should also be available to local business persons. However, Antiguan should be allowed to purchase land.

iii) If it is deemed important to sell land to foreigners wishing to live in Antigua, as a means of attracting investors who have a real ongoing interest in the Island, then a specified unchangeable amount of land in all categories of land-use should be established for this purpose. This should include land already owned by foreigners.

iv) An attempt should be made to bring all productive land which is not presently being used into production. The present tax system which increases as the amount of land which is held unused also increases, does not appear to be having this effect and therefore should be strengthened.

2. The Agriculture Ministry is in a position to encourage farmers to grow particular crops in areas where the soil and market conditions are best suited to that specific crop. While this might easily be achieved by strict zoning, a policy such as this does not consider the family farms that are

more self-sufficient and are therefore required to grow a wider range of crops, even when some are inefficiently produced. Thus it is important to identify the commercial farms, and to use a system of leasing policies to encourage those farms to grow particular crops.

5.10.3 Fisheries

The potential of fisheries in Antigua is highly underdeveloped. With the exception of a handful of modern fishing boats, most vessels are outdated, inefficient, and incapable of utilizing this resource successfully.

5.10.4 Recommendations

1. A more modern and sophisticated fishing fleet should be developed. The following steps would assist in achieving this:

- i) The Government Department of Fisheries should conduct a feasibility study which would indicate what is the maximum sustained yield of the fishing grounds of Antigua and how many modern boats operating in and out of Antigua would be necessary to obtain this yield. If the sustained yield is greater than can be consumed by the local and tourist markets, the possibility of exporting to neighbouring Islands or North America should be considered. This study should also indicate what percentage of the persons now employed in fishing would

be displaced by modern equipment, and how these people might be retrained or use their skills in other sectors of the fishing industry.

ii) The possibility of gaining access to the North American market should be analyzed, by determining if it would be possible to persuade a larger fishing company to include Antigua on its route of pick-up spots to one of its mother ships. It should be noted that if this were possible this company would probably want the best of the fishing catch, and therefore the quality of fish available to locals and tourists may be low.

iii) There is a possibility that this type of fishing may easily saturate the local market, and therefore a system which can direct in-coming ships to neighbouring Islands, if these Islands have a demand for fish should be considered.

iv) The possibility of "salting" fish for local consumption, and for export to the region should be determined.

v) A task force should be formed and charged with the responsibility of compiling a proposal for the purpose of approaching international aid agencies for funding, to develop a modern fishing fleet. Again it is important for members of this team to know more than one language. Many non English-

speaking countries have great expertise in fishing, and may be more receptive to aid proposals than traditional sources of aid. The aid proposal should contain a recognition of the need to protect domestic fishing grounds.

2. More wide-spread use of modern technology and training would increase aqua-culture production, as this is a sector that is yet underdeveloped. The many existing dams and ponds of Antigua may provide an excellent opportunity for this type of activity.

3. The production of animal feed supplement from aqua-culture fish, and from parts of fish which are generally wasted, should be studied.

5.10.5 Agriculture and Community Development

The use of agriculture as a means of community development has been clearly stated as a priority of the Government.

5.10.6 Recommendations

1. The identification of villages that share existing services and have the potential to share future services, should be incorporated into the agricultural extension system. These village units should form the basis for future community development projects.

2. Schools should become more of an integral part of agricultural activities in villages. Greater emphasis should be placed on marketing and farm management, with night courses aimed at the young adult and farmers. Each

school should be allocated an assigned piece of land that can be used as a demonstration ground for extension workers.

3. The planning unit in the Ministry of Agriculture should identify existing skills in villages which might be used to develop cottage industries based on existing and potential agricultural production from this village. A funding program through the Antigua Development Bank (A.D.B.) for cottage industries should be established. The A.D.B. should provide expertise and advice on the organization and management of small enterprises such as these, and assist in establishing marketing arrangements.

4. Small market areas should be built in selected villages. These villages should be part of a village unit.

5. Depots for produce from village units should be built. This will ensure better transportation, less damage to the produce and therefore higher prices at market. In addition, it would allow farmers to better utilize their energies in productive or village maintenance activities. These depots should be located and built by the Central Marketing Co-operation (CMC), in consultation with the extension workers from the Ministry of Agriculture. The CMC would also be responsible for transportation to make pick-ups at the given depots.

While this recommendation may solve the transportation problems of farmers, it may not be a popular solution for many farmers. Farmers may consider the trip to market as an important part of their agricultural activity. The day at market may act as a farmers' conference.

This is a time when farmers can exchange ideas and information on factors such as growing techniques, the availability of inputs, and the shift in demand for certain goods. It also allows farmers to catch up on events in the city such as political developments. If it were decided that this recommendation is an important one to implement, some activities should be designed so that farmers can meet on a regular basis. Community-based groups such as the Small Farmers' Association offer a good opportunity for meetings of this type. This organization and others like it should be encouraged.

6. A strong working group should be established by the agricultural extension office and community health services of the Ministry of Health, to co-ordinate community development programs, as these are the only Government agents already active in villages. This group would assist in identifying community projects, and provide an overall framework for establishing activities in the village. The group would work along with local business people and some funds should be available to establish capital-cost programs for productive activities. The success of this approach to community development would depend on the respect which the extension and health workers held in the villages.

Chapter Six

Scenarios and Planning in Antigua

6.1 Introduction

So far the author in this MDP has discussed three major strategies; their implications for Antigua; and recommendations for implementing the suggested strategy and the establishment of a more effective planning process. The discussion in this Chapter will now consider possible unforeseen events and their ramifications for the development process in Antigua. The events considered will range from natural disasters to uncontrollable international political incidents. Clearly all the possible ramifications of the chosen events cannot be covered in this Chapter, and this is not the intention. The purpose is to demonstrate two things: firstly the need to include such "scenarios" in the strategy formulation process; and secondly the need for small Island nations such as Antigua and Barbuda, to develop the ability to respond quickly to global events, and therefore to have "thought through" alternative courses of action.

6.2 Major Developed Countries Markets Closed to Goods Produced in Antigua

There are several ways by which such an event could occur. Though the chances of all major international markets being closed simultaneously is highly unlikely, it is an event which is not completely impossible. It is possible that a period of increased trade protectionism, such as that which occurred the 1930's, and which many believe led to the "Great Depression", could once again develop, and this could lead to many markets being closed to Antigua products.

The Democrats being re-elected to power in the U.S., is another event which might lead to decreased access to the American market. If and when the Democrats are re-elected to the Senate and/or the Presidency in the U.S. there will certainly be increased pressure, and probably greater sympathy for protectionist measures for U.S. industries facing so called "unfair" competition from industries using "cheaper" foreign workers. At present there is a clear battle between the Democrat controlled Congress and the Republican controlled Senate and White House, over matters concerning quotas and free trade. The survival of the Caribbean Basin Initiative would be in question if the Democrats are elected, and this would mean much less incentive for foreign firms to locate productive activities in the Caribbean Region. The implications in terms of the

strategies discussed would certainly mean less of a possibility of following the Open Economy or the Dependency-Associated Strategy, unless Canada and England became the major countries in terms of investors and markets.

Though these countries could become important markets, there are not likely to be major investors. England's high unemployment rate and growing informal economy is unlikely to encourage manufacturers to seek cheaper labour elsewhere. English companies have not located manufacturing plants in the Caribbean Region.

Canadian investors may locate some activities in the Region, particularly with the new CARICAN trade agreement which removes duty on most goods entering Canada from the Caribbean Region. There is a possibility of a rapid decline in the Canadian economy, and it is unlikely in such an event that investors would choose to locate in the Caribbean, particularly if Canadian unions continue to sign concessionary agreements.

6.3 Natural Disasters

There are two major natural disasters to which Antigua is susceptible, hurricanes and earthquakes. Antigua has a history of earthquakes. The most recent earthquake of significance was in 1975, and registered 7.7 on the Richter scale. The damage caused by this quake was

confined to residential areas, and some older buildings of St. John's. What if for example, an earthquake of this magnitude or greater had caused considerable damage to either the sea-port or airport facilities. A situation such as this could cause rapid price jumps in imported goods including foodstuffs. The tourist trade would be slowed down considerably, particularly if the runway at the airport were badly damaged.

This type of situation may not be a long run problem, such as the first event discussed, and the impact might be only for a period of a year or two. However, there might be longer term effects. Cruise ships, for example, might face increased insurance costs entering Antigua harbour, and may decide to remove this stop from their tour. While the airport was being fixed, airliners might divert their flights to St. Kitts which has an international airfield, and some may decide to continue flying directly to St. Kitts, as that market begins to rapidly develop. Industries having difficulty moving goods, or receiving inputs may relocate or simply close operations. Thus the period of time taken to repair either facility or both, may not be the only consideration.

The same is true of hurricanes. Antigua has not faced a serious hurricane for over two decades. A storm of this type could wipe out both food and export crops, destroying essential infrastructure such as

power lines, generators, telephone lines and possibly exchanges, and leave hundreds homeless. The effects could cripple an economy, such as what recently happened in Dominica. This would be particularly true if the economy is largely based on export of agricultural produce. Unlike an earthquake, export-based manufacturing industries, and tourism should be relatively unharmed, unless of course factory buildings, and hotels are severely damaged.

The Government should establish a natural disaster emergency plan, identifying all possible events of this type, with impact assessment, and policies for dealing with them. It is clear that the total dependence on either the primary strategy of the Open Economy, or the Self-Reliance strategy would be unwise in the case of a natural disaster. Elements of both strategies are vulnerable to these events, and elements of both provide fallback positions.

6.4 Disruption of the Tourist Trade

Several events could easily disrupt the tourist trade. They could be broken down into two broad categories:

- 1) Externally initiated events
- 2) Internal events

1. Externally Initiated Events

The following are only examples of events which could occur and cause disruption of tourism in Antigua. In the volatile political global environment which exists, it is possible to imagine a situation where a plane en route from New York to the Caribbean is hi-jacked by a group with a political cause elsewhere than the Caribbean, which leads to a loss of life. Another possibility is a hi-jacking of a cruise ship, which also leads to the loss of life.

Another situation could be a highly publicized shooting or a murder at one of the expensive hotels or clubs in Antigua, of a noted international criminal or a person which has been involved in politics in unstable parts of the world. An event like this could seriously reduce Antigua's tourist trade and should be avoided. The Government in a very diplomatic fashion should make it clear to the exclusive resorts in Antigua, such as the Mill Reef Club, or the St James Club and also the other hotels, that this type of clientele would not be welcomed to Antigua. These Clubs probably already have strict regulations regarding visitors which may have unwanted connections, but close co-operation regarding a matter such as this is important.

Internal Events

Again the following are only examples, used to demonstrate how incidents generated internally could have a negative impact on tourism.

- 1) A tourist is physically abused and the story receives wide publicity in the Western press.
- 2) A locally organized radical political group wanting less association with the U.S. takes hostages in a hotel room somewhere on the Island.
- 3) Another incident could be the massive spread of water born diseases which afflicts several tourists causing serious illness. Even if this were brought under control quickly, it could have serious effects on the tourist trade.

There is little the Government can do to prevent international or externally initiated events from occurring. However, in terms of a development strategy, these examples make it clear that the Open Economy or Dependency-Associated Development strategy cannot rely completely on tourism as its major sector of economic activity, particularly depending on North American tourists. Diversification within the overall strategy, and of the tourist market itself is a method of

reducing the vulnerability of maintaining this strategy. This might mean increased export industrial activity or a greater reliance on export of cash crops. The need for an already in place "back-up" strategy is again an important consideration.

There are steps the Government can take to reduce the likelihood of internally initiated events such as the ones just described. The repressive approach could be used, breaking unions, attempted destruction of other political parties through "legal" methods, harassment and censorship, and the quick arrest of vocal dissidents. These are only very short-run measures at best, and can quickly develop into an explosive environment leading to long-term damage of the democratic process, and economic and social political stability of the Island. It is clear that this is not a recommended nor a real solution, as the Government has stated a clear commitment to the democratic process.

Even though it could be argued that the events mentioned here are unlikely to happen, even further steps should be taken to reduce their likelihood. Realistic policies could include measures to assure access to land for future generations of Antiguanans, the introduction of policies which will assure a more equitable distribution of income which might even mean a more formalized welfare system, and support assistance for the unemployed.

6.5 Antigua Without a Planning Process

The purpose here is to examine what the development future of Antigua would be without an explicit planning process. This will be done in a loose scenario format, and certain factors might be exaggerated to make certain points. The Author's vision of Antigua's future without a planning process, which includes land-use and effective socio-economic planning with a strong implementation and co-ordination process is not a particularly pleasing one.

If the present development trends continue, it is possible to imagine a physical human settlement system where the coastal areas of the Island are mostly foreign owned, with decreasing belts of foreign ownership as one moves inland. Many residents of coastal villages may slowly be pushed inland, causing increased pressure on good agricultural lands, and displacing more people from their source of income and livelihood.

A stricter class structure may develop along the lines of place of residence, colour, and employment, with the elites living on the coast, either owning or managing hotels. Much of the land on which locals live could come to be owned by foreigners, or by a very few families. While this may not seem like a problem it could develop into serious conflict situations which may negatively effect the long term development of the

Island by hampering the tourist industry. In addition it would probably lead to a lower quality of life for Antiguan.

Off-setting this situation by industrial development may be unsuccessful, without many of the planning recommendations put forward in Chapter Five being implemented, and the possibility of providing increased employment though more self-sufficient activities would be highly unsuccessful without a framework and a supportive system to bring this about, as generally, village dwellers do not have the necessary skills to identify markets, or accumulate the necessary funding to establish activities which generate increased production and employment.

With an increasing population, disorganized land-use may lead to the loss of agricultural land, and few economic activities at the village level. The economy may continue to develop as a "mono-sector" economy leaving it vulnerable to outside upheavals, with no well developed fallback position in this event.

6.6 Summary

Unforeseen events are a reality with which all leaders of a nation must contend. Smaller underdeveloped nations do not have, in many cases, the resources to control effectively certain international events

which may affect them. Yet these events create the possibility of tremendous negative impact for such countries. This is surely the case in Antigua, and every effort should be made to identify these types of events, in order of seriousness of their impact.

The scenarios put forward in this Chapter have identified only a few of the forces often overlooked in strategy formulation and plan-making. An effective strategy and plan-making body in Antigua, would have the ability to analyze and recommend appropriate methods for avoiding or mitigating such crises, and responding to them in a manner which might decrease their immediate and long term impact. This should be an important role of any group planning for Antigua 's future.

Chapter Seven

Conclusion

Three strategies of development have been considered in this document, the Self-Reliance, the Regional Integration and the Open Economy or dependency-Associated Development strategy. In the case of Antigua it has been suggested that the Open Economy or Dependency-Associated Development strategy is the most appropriate leading strategy, but should be supported by the Self-Reliance strategy so as to be able to achieve the goals of the Government and as a means of maintaining a state of readiness in the event that circumstances develop which the Government has no control over, and which renders the Open Economy or Dependency-Associated Development strategy impotent. In addition, it was recommended the Regional Integration strategy be secondary to the other strategies and act only as a support for both.

This approach to development is a break from the recent theories and strategy proposals of many West Indian scholars, who have for the past 25 years advocated Regional Integration, or greater economic closure and more self-sufficiency as the leading strategy, with a clear separation between the two. The promotion of an Open Economy or Dependency-Association has received little attention or approval by West Indian thinkers since W. Arthur Lewis.

The movement in the Caribbean towards independence and the strong influence of the new theories of underdevelopment, which were emerging from the Latin American dependency school of thought, greatly influenced political and economic leaders in the Caribbean during this period. There was a realistic fear of an era of neo-colonialism or neo-imperialism due to the control of local economies by foreign investors which would lead to marginalization of local peoples and remove effective political control by the electorate. The response was toward greater self-sufficiency, or Regional Self-Reliance through economic integration.

The internal logic and theoretical basis for the Regional Integration strategy was and still is quite sound. The joining of economies for the purpose of more effective and efficient utilization of Regional and local resources is very appealing, may well have worked and may still be made effective. In the past, however, Regional Integration failed for many reasons. One of the most important of these reasons is the political isolationism leading to the unwillingness of Island politicians to give up a degree of sovereignty and their unwillingness to consider short-run sacrifices. All attempts at integration have faltered, and the present attempt is structured in such a manner so that it is highly inefficient, and tends to encourage the production of inferior goods.

One of the major resultant problems has been the inability to reach an agreement on the movement of labour. Thus the most important resource has been kept bottled-up, and the spread of ideas, information, experience and organizational skills has been severely impeded. It is also possible that economic integration was attempted too quickly after the failure of the Federation, and therefore all the negative attitudes and feelings were transferred to what is now CARICOM. In addition, it may be possible that outside forces were not interested in supporting this movement, or that the technology which would have enabled greater success, for example efficient tele-communications or small manufacturing units, was not available. Whatever the case it appears that the largest single problem is political isolation.

The self-sufficient approach should not be confused with Self-Reliance strategy. Self-sufficiency suggests effective closure of the economy, while Self-Reliance does not. Self-Reliance suggests a clear analysis of sectors which can use local resources, and selective connection with international economies. This approach was never really popular with Regional leaders. This approach called for increased hardships, and a re-definition of what development means. Few politicians were willing to risk forcing this approach on populations with increasing expectations.

This generally meant that Self-Reliance approaches were often neglected, as there was not a clear separation between both in the literature and in the minds of leaders. What in fact happened in the Caribbean, was that while negotiations were taking place over Regional Integration, the connections between each Island and New York and Miami, grew stronger than the relationship between Islands. The point here is that despite attempts to reduce Dependency-Associated Development, it remained a major driving force, and those Islands which accepted their inability to break this dependency, such as Barbados, tended to have the greatest amount of development.

The approach and recommendations put forward in this document for a development strategy for Antigua and Barbuda recognizes that small Island nations are dependent by the nature of their situation, and therefore must take intelligent steps to manage their development process so that economic growth brings maximum benefits to the people of Antigua and Barbuda. This means recognizing that while the Open Economy or Dependency-Associated Development is the most likely strategy to bring rapid growth, it is also the most likely to bring increased conflict between locals and foreigners over access to local resources, such as land, recreation facilities, and infrastructure. In these situations, foreigners will

most likely be able to out-compete locals in the market place. Thus steps must be taken to protect local access to land and other scarce resources, without discouraging foreign participation in the economy.

It is also necessary to scan global developments effectively, so as to be able to respond quickly to opportunities or changes which might have serious negative or positive impacts. This is often an expensive proposition for small Island nations, and one which does not usually show immediate results, and is therefore difficult to justify to the electorate. However, in an increasingly competitive world, the long run returns to the investment in human resources could have immeasurable benefits. In the rapid world of the information age continued dependency on foreign consultants for the identification of opportunities and potential problems may reduce the ability of small nations to respond quickly and weaken their ability to achieve continued growth. A well informed and connected government, particularly a small nation, will increase its success, and its alternatives in terms of international aid, potential investment and trade.

The ability to utilize local resources is an important factor for all small nations, even though these resources may be limited. There is also the possibility of conflict between achieving this and maintaining an

Open Economy. Thus it is important in all small islands that planning process be effective in not only identifying local resources and projects for bringing them into use, but should also be effective in the ability to resolve potential conflicts in a manner which is the best interest for Antiguan. This means good communication between Government departments, and among persons involved in the decision-making process and ordinary citizens and citizens' groups, who are too often ignored as an important resource of information and organization ability. Inward focused information gathering and development strategies are equally important, and should not be forgotten in favour of outward driven development. Mistakes are costly for small nations with limited resources, and sometimes a more deliberate decision-making process, which has wider support, may be a better approach than quick, poorly communicated decisions. Small nations in fact may have an advantage in that they may be able to make deliberate decisions in such a manner, faster than larger nations, because of scale.

There is a need for continued research as to how Island nations can best respond in terms of development to their dependent nature. This document has analyzed three strategies which appear to be the more generally taken approaches to this problem, and analyzed them in terms of

the special case. This therefore, only identifies some important issues which remove the isolation of islands, such as increased overseas intelligence, shipping, and tele-communications. Specific research work on the effects or possible effects of these factors on alternative strategies available to islands, and to the unique nature of islands as a special set of small nations, would be valuable to governments of these new nations world wide.

Appendix 1Gross Domestic Product by Activity, at Factor Cost in
Constant 1977 Prices(Percentages)

	1979	1980	1981	1982	1983	1984
Agriculture	7.93	7.34	6.30	6.03	5.62	4.73
Crops	1.25	1.16	1.27	1.44	1.16	0.77
Livestock	2.74	2.91	2.85	3.19	3.10	2.64
Forestry	0.17	0.16	0.15	0.15	0.15	0.14
Fishing	3.76	3.12	2.30	1.24	1.21	1.18
Mining and Quarrying	.51	.63	.56	.46	.53	.55
Manufacturing	5.48	6.02	7.07	7.16	6.88	6.55
Electricity and Water	3.25	3.22	3.51	3.81	3.92	3.64
Construction	7.87	9.09	9.61	6.03	5.23	5.14
Wholesale And Retail Trade	11.24	10.88	10.47	11.13	10.61	10.55
Hotels and Restaurants	13.80	13.68	13.17	13.45	14.92	17.68
Transport	13.86	12.89	12.40	12.73	13.95	14.36
Road Transport	6.05	5.71	5.63	5.31	5.52	5.45
Sea Transport	1.83	1.64	1.58	1.96	2.18	2.18
Air Transport	5.99	5.55	5.19	5.46	6.25	6.73
Communications	5.76	6.29	7.32	8.35	8.67	8.41
Banks and Insurance	6.96	7.34	7.57	7.01	7.07	6.82
Real Estate and Housing	11.47	10.94	10.93	11.59	11.23	10.73
Government Services	11.35	11.62	11.18	11.54	11.04	10.59
Other Services	4.96	4.75	4.68	4.84	4.65	4.50
Less Imputed Services Charges	4.45	4.70	4.78	4.12	4.31	4.23
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0

SOURCE: Statistical Yearbook (1983), Department of Statistics, Ministry of Finance, Antigua [60].

Appendix 2

<u>Crop</u>	<u>Imports</u>	<u>Local Production</u>
Vegetables	(Tons)	(Tons)
Irish potatoes	1,300	-
Tomatoes	79	280
Onions	239	46
Carrots	57	184
Cabbage	59	163
Pumpkin	9	116
Dasheen/Eddoes	11	101
Tannia 14	-	
Sweet Potatoes	3	347
<u>Total</u>	<u>1,561</u>	<u>1,237</u>
<u>Vegetable Grand total</u>	<u>2,798</u>	
<u>Fruit</u>		
Oranges	102	3
Limes	2	3
Grapefruit	13	13
Banana	84	47
Plantain	96	-
Apples	117	-
Grapes	17	-
Avocado	9	3
Mango	5	85
<u>Total=</u>	<u>445</u>	<u>239</u>
<u>Fruit Grand Total=</u>	<u>684</u>	
<u>Vegetable and Fruit Grand Total=</u>	<u>3,482</u>	

Source: Government of Dominica, Market Intelligence Unit, Division of Agriculture, Dominica

The above report states that there is evidence to suggest that official Antiguan import figures tend to be on the low side and site as an example export records from Dominica which show a total of total 575 tons in 1983, while the import figures of Antigua only show a total of 331 tons imported from Dominica.

Appendix 3

Leakages in hotels with more than 49 rooms (1978)

<u>Department</u>	<u>Leakage round (\$ E.C.)</u>		<u>As a % of Total Revenue</u>		
	<u>First</u>	<u>Second</u>	<u>First</u>	<u>Second</u>	<u>Total</u>
Room	2,002,979	828,837	6.4	2.6	9.0
Food	522,040	4,005,472	1.7	12.8	14.5
Beverage	22,181	768,659	0.1	2.5	2.6
Administration	552,133	1,512,799	1.8	4.8	6.6
Advertising	893,901	-	2.9	-	2.9
Repairs	125,215	619,396	0.4	2.0	2.4
Electricity	-	715,081	-	2.3	2.3
Fuel	-	331,453	-	1.0	1.0
Water	-	60,282	-	0.2	0.2
Micellaneous	-	142,522	-	0.6	0.6
Management fee	312,555	14,500	1.0	-	1.0
Profit	5,200,000	264,065	16.8	17.4	
Wages	-	1,425,522	-	4.5	4.5
<u>Total leakage</u>	9,631,004	10,688,588	30.7	34.1	64.8

Source: Seward, and Spinrad (ed.). Tourism in the Caribbean: The Economic Impact (1982)
 Ottawa: The International Development Research Centre, p 146.

Appendix 4

Electricity consumption and use

Year	1979	1980	1981	1982
Catagory				
<u>No. of Customers</u>				
(i) Domestic	14,600	15,118	15,683	16,255
(ii) Industrial	75	82	92	95
(iii) Commercia	1,470	1,545	1,570	1,620
<u>Total</u>	16,145	16,750	17,345	17,945
<u>Consumption (kwh)</u>				
(i) Domestic	14,968,475	16,582,823	19,110,144	20,663,058
(ii) Commercial	10,000,020	12,562,745	14,051,555	17,128,200
(iii) Industrial	6,450,180	5,025,098	5,620,622	5,903,732
(iv) Government	3,180,970	3,517,569	3,934,935	4,132,612
<u>Total</u>	34,599,645	37,688,235	42,717,266	44,780,222

Source: Government of Antigua, Statistics Yearbook, Ministry of Finance, 1983 [60]

Appendix 5

Type and Number of Telephone Subscribers (1980-1983)

Type of Subscribers	1980	1981	1982	1983
Residential	2,286	2,731	3,084	3,391
Business	982	1,175	1,336	1,472
Government	272	326	720	811
Pay Phones	30	41	61	63

Source: Telephone Department, Antigua Public Utilities Authority

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